

FINANCIALTIMES



Cycle of violence Algeria in the midst of chaos Page 15



Pelléas at the Met A triumph for Levine and Miller





Weekend FT

The liquidity

FRIDAY MARCH 31 1995

BMW says currency | Bundesbank acts to curb D-Mark rise Sharp rally recorded in European markets fluctuations could hit 1995 results

World Business Newspaper 2



luxury carmaker BMW increased its pre-tax profits by 65 per cent to DM1.38bn (\$980m) last year and forecast a "satisfactory result" for 1995. Bernd Pischetsrieder (left), chairman of the BMW management board, warned that currency fluctuations could hit the company's financial performance this year. Its share price fell DM1

German executive and

to close at DM679. Page 17 Maxwell creditors to receive £450m:

Administrators to the collapsed business empire of Robert Maxwell, the publisher who fell to his death at sea 3½ years ago, will today pay creditors £450m (\$730m). It will probably be the largest dividend ever to a failed UK company. Page 9

ING profits advance 13%: Internationale Nederlanden Groep, Dutch financial services company which rescued Barings Bank of the UK, posted a 13.5 per cent increase in annual net profit in spite of a sharp drop in results on financial trading for its own account. Page 20

Brazil doubles tariffs: Brazil doubled import tariffs on cars and other consumer items to 70 per cent amid concern about the country's trade and current account balances following Mexico's financial crisis, Page 6

33:

Russian prepares for more sell-offs: The Russian government approved plans for the second stage of its privatisation programme, which aims to generate Rhs9,000hn to belp plug this year's budget deficit. Page 3

Fall in French jobless: French unemployment fell for the fifth successive month in February, declining by 10,200 to 3.3m, Labour Ministry statistics show. Page 3

Australian inflation rate set to rise: Australia's underlying inflation rate is set to top 3 per cent during 1995, putting it ontside the Reserve Bank of Australia's 2-3 per cent target range.

ese deregulation likely to disappoint: Japan is expected today to unveil a package of deregulatory measures that will stop well short of a full liberalisation of its heavily-regulated economy.

Battle for US Shoe heats up: The battle for US Shoe became more beated as Luxottica Group, the Italian spectacle maker, launched another attack on the US retailer which has rejected a \$24 per share offer. Page 17

Slow start at Commerzbank: Commerzbank cantiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits at the German bank in the first two months.

Top TV man joins Murdoch: Rupert Murdoch's News Corporation snapped up Richard Dunn, one of the UK's most senior television executives, who recently announced he was leaving Pearson, the media, information and entertainment group.

Solvay back in the black: Belgian chemicals and pharmaceutical group Solvay staged a sharp BFr7.96bn (\$280m) from a loss of BFr6.91bn in 1993.

BAe launches £383m rights issue: British Aerospace launched £383m rights issue to fund a renewed assault on submarine maker VSEL if it is cleared to rebid by the Monopolies and Mergers Commission. Page 24; Lex. Page 16

Axa income up 11%: Axa, one of France's largest insurance groups, reported an 11 per cent rise in net income FFr2.27bn (\$450m) despite the impact of the falling dollar and a sharp reduction in capital gains. Page 17

Regiand cuts dividend: Regiand of the UK, the world's biggest roof tile manufacturer, cut its final dividend by a third despite a 34 per cent rise in annual pre-tax profits to £386.4m (\$621.4m). Chief executive Robert Napier said the company needed cash to invest in production in continental Europe. Page 17; Lex. Page 16

UK moves to make gifts more attractive: The UK government said it would introduce an annual timetable for the auction of government bonds, a move which will make its debt more attractive to investors. Page 16

E STOCK MARKET INDICES	■ GOLD
NASDAQ Composite :	Heer York: Comex
Europe and Far East CAC40 1,893.0 (+40.58) DAX 1,978.46 (-0.42)	
FT-SE 1003_176.2 (+33.9)	
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Corporate America Glass ceilings begin to crack



machine

German rates cut by half a point

By Andrew Fisher in Frankfurt l Philip Gawith in London

The Bundesbank yesterday acted to curh the ateep rise in the D-Mark and ease the woes of German exporters by cutting interest rates for the first time since last

The central bank's decision took markets by surprise, prompting a sharp rally in bond, equity and currency markets across much of Europe.

The Bundesbank cut the discount rate by half a percentage point to 4 per cent and lowered the rate for next week's securities repurchase (repo) agreements to 4.50 per cent from 4.85 per cent. The Lombard rate was unchanged at 6 per cent.

The Bundesbank fine-tunes monetary policy through the repo rate, which serves as a benchmark for key lending rates in the economy. The discount rate, at which banks sell bills of

provides a floor for official rates, wbile the Lombard emergency funding rate acts as a ceiling. Switzerland, Belgium, Austria

and the Netherlands all followed

the German example in cutting Despite the bank's assertion that it was not acting out of concern for exchange rates, econo-

mists said the D-Mark's strength

exchange to the Bundesbank, was the main reason for its Ms Alison Cottrell, economist

at PaineWebber International in London, said the Bundesbank wanted to prevent speculative pressures from engulfing the French and Belgian currencies. "It really is like an insurance pol-

Although the Bundesbank managed to ease recent tensions

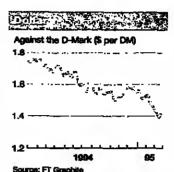
observers believe it will only provide a temporary respite before the dollar, and peripheral European currencies like the lira. peseta and Swedish krona, are again under pressure.

This view was implicitly endorsed by Mr Hans Tietmeyer, president of the Bundesbank. do not believe our decision can significantly change currency markets," he told the German

The dollar finished the day firmer, closing in London at DM1.4107 from DM1.3773. Sterling closed at DM2.2525, up 3 pfennigs. The Bundesbank's decision

ends a long period of doubt over German monetary intentions. Mr Tietmeyer has repeatedly stated that there was scope for rates to move up or down, or remain

Such comments kept bond markets calm, but the recent heavy flow of funds into the D-Mark has



pushed it up by more than 5 per cent this year on a trade-weighted basis. This has made life harder for exporters and led economists to scale back eco-nomic growth forecasts.

The Bundesbank justified its rate cut by pointing to the sharp improvement in money supply figures, now under control after the steep growth of early 1994. Mr Tietmeyer said the Bundestotally for the impact of the atrong D-Mark on exports and jobs. "But we can reduce the inflationary risks and we can let growth potential for the future develop.

In a statement explaining the move, the bank emphasised the slowdown in monetary expansion and said the cut did not mark an end to concern about inflation. The main impact of the Bundesbank decision was felt in European interest rate markets. The long gilt futures contract on Liffe was around 103%, up # point on the day, while Italian government bonds jumped on news of the German rate cut. The June BTP future on Liffe was around 94.60, up 0.85.

Countering the rise of the D-Mark, Page 2; Currencies, Page 29; Editorial Comment, Page 15; World stocks, Page 38; Lex, Page 16; Government bonds, Page 28

Brussels steps up pressure on Canada

By Caroline Southey in Brussels, David White In Madrid and Kevin Brown in London

The European Commission warned Canada yesterday not to take further action against Span-ish vessels fishing in interna-tional waters off Newfoundland. Spain also said it would ask fer sanctions against Canada if the country's coast guard took action against trawlers fishing outside

Spain will ask for the immediate application of sanctions if said Mr Javier Elorza, Spanish ambassador to the European Union. But, be added: "We would like conversations to continue peacefully."

its 200-mile nautical zone.

The warnings came after Canadian authorities cut the net of a Spanish trawler fishing in the Grand Banks area on Sunday. The EU and Canada are at loggerbeads over the allocation of a quota for Greenland halibut, also known as turbot, and measures to protect stocks.

Mr John Major, the UK prime minister, in his strongest state-ment of support for Canada to date said it was "entirely right" to try to preserve fish stocks, but warned its case was being undermined by its "tough line". Mr Major said Canada and

Spain were "close to a deal" on the allocation of fish quotas and rules for enforcement.

And be confirmed the UK's determination to veto any EU trade sanctions against Canada. 'A satisfactory accommodation between the sidea can be achieved and should be achieved speedily," he said.

The Commission, in a letter to the Canadian Department of For-eign Affairs, said further action would be bound to have consequences for the relations between the EU and Canada likely to

extend beyond fisheries". The latest Canadian action was 'illegal and unacceptable", it said, adding that "it infringes international law"

hut stressed the Commission wanted a negotiated solution. The ambassadors met yesterday but did not ask the Commission to draw up a list of sanctions

against Canada. Nancy Dunne adds from Washington: Mr Clyde Wells, premier of Newfoundland and Labrador, said be appreciated the UK's determination to veto EU sanc-

tions against Canada. Meanwhile Canada moved to take advantage of UK support by sending 1,500 flags to the UK yesterday (200 were flown in earlier this week) after strong demand from UK fishermen.

Editorial Comment, Page 15 | EBRD's current president, has ants.



Contract vote fails to limit US terms

By Jurek Martin, US Editor,

The Republican party's Contract with America bas suffered its first big defeat in the House of Representatives, with the loss of the constitutional amendment on limiting the maximum terms of congressmen and senators.

The Republicans promptly blamed the Democrats for the setback, late on Wednesday, but the impact on the party political balance sheet, when Congress faces the electorate next year, is

Only one of the four versions. requiring 12-year limits for both senators and congresamen, secured even a simple majority. But the total of 227 in favour (to 204 against) was 61 votes short of the two-tbirds required to pass a constitutional amendment. Some 40 of the 230 Republicans joined 163 of the 204 Dem-

Continued on Page 16

EBRD may leave London office in effort to trim costs

The European Bank for Reconstruction and Development may quit its marbled and mirrored City of London beadquarters, according to a memorandura sent to its staff.

A year and a half after the resignation of Mr Jacques Attali as the bank's founder president - a departure which was in part prompted by criticism of the 266m (\$106m) be spent on decorating and furnishing the building - the bank is initiating a study of whether it can save money hy moving elsewhere in

looking at every possible option to save money.

It continues: "As part of this remain where we are."

however it has started to pay £14.7m a year. Mr Jacques de Larosière, the

A memo to staff says: "Because of the need to reduce our occupancy costs, the bank bas been

effort, a study has been undertaken to find the cheapest alternative, which might either be to

move elsewhere in London, or to For the first two years and five months of its tenancy, the bank received a rent boliday. Now

Bonn is not being discussed."

The bank's annual meeting takes place in London in 10 days. A bank executive said: "Whenever we meet, our attempts to talk about the regeneration of eastern Europe and the former Soviet Union are always overshadowed by sour grapes about our offices. The president wants

been under pressure from the

bank's owners, 57 countries and two financial institutions, to make savings.

be believes its credibility is not; enhanced by the magnificence of its fixtures and fittings, which include specially designed "shad-

owless" carpets, Italian marble

with a range of polished finishes and custom-built furniture.

The memo to staff, which was

sent by Mr Miklos Nemeth,

vice-president in charge of per-

sonnel and administration, rules

out moving the bank to Bonn, in

spite of widespread speculation that a relocation to Germany is

possible. It says: "A move to

in contrast to his predecessor,

An alternative to moving out may be to sublet part of the building. Agents bave been instructed to find possible ten-

to put that behind us once and

There's nothing a Regent

concierge can't handle.



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FT writers study the implications of the Bundesbank discount rate reduction

Slovaks waver over EBRD N-plant loan

By Vincent Boland in Prague

Slovakie eppeared to be drawing back yesterday from accepting the conditions the European Bank for Reconstruction and Development has imposed for granting a controversial loan to improve the Mochovce nuclear power sta-

The government yesterday expressed doubts about its ability to meet the tough financial conditions connected with e proposed DM412.5m (\$299m) EBRD loan to help pay for a French-led consortium's contract, and is considering e cheaper bid from e Czech com-

The EBRD wants Slovakia to raise electricity prices by nearly a third on April 1 as a precondition of the loan, which will help finance safety and other technical improvements by a consortium led by Electricité de France. The government now says the resulting rise in energy hills would force many enterprises to shut down and edd to the country's already high unemployment.

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asked the EBRD to postpone decision on the loan while it considered an alternative offer from Skoda Praha, a Czech engineering company. Skoda says it can complete the Russian-designed Mochovce for DM800m, ebont a third less than the EdF proposal.

However, western financing is dependent on the inclusion of costly safety systems provided by western companies and would not be forthcoming if Slovakia agreed instead to the Czech offer end eccepted e \$150m financing and technical package from Russia.

The EBRD is also seeking guarantees that Bohunice -another Russian-designed nuclear plant that is the country's main source of electricity - is shut down when Mochovce becomes operational. The old plant is considered one of the most dangerous in the region. If Slovakia accepts the Czech contract, this would remove the EBRD's leverage to close

The Slovak government says it is still considering its options for the completion of the plant, and has not rejected

the EdF proposal. Completion of the plant has generated fierce controversy in neighbouring Austria, which has threatened to withdraw from the EBRD if the bank epproves the loan. Environmental groups are also highly critical of the EBRD's involvement in financing e nuclear plant.

The bank, if it epproves the loan, would be the first multilateral development bank to help finance a nuclear project, and the proposed loan would be its biggest lending package yet in post-communist Eastern Europe. The EdF project is pre dicted to cost DM1.3bn.

The bank defends its involvement in the project, arguing thet countries like Slovakia have no alternative to nuclear energy, and that the safety enhancements it is seeking from the developers will ensure that the risks attached to Mochoyce are much less than those from continuing to

Countering

the rise of

By Andrew Fisher in Frankfurt

The guessing game had clearly gone on long enough. After several months of keeping markets stable by suggesting that interest rates could go down or up, but would most likely stay where they were, the Bundesbank yesterday made its move. It cut the discount rate by half e point to 4 per cent, left the lombard rate unchanged at 6 per cent and lowered the securitles repurchase (repo) rate to 4.50 from 4.85 per cent.

Without the recent surge in the D-Mark against the dollar and other currencies, the German central bank would probably have felt little need to act. Some economists and bankers had pressed for a cut to help the economy, but the Bunde bank was concerned about the gradual build-up of renewed inflationary pressures, espe-cially after the recent high

Yet it was also gratified by the sharp slowdown in growth of M3, the broad monetary measure, after lest year's alarming increases. The bank's policy-making council therefore felt there was room for e rate cut. As ever, it denies trying to influence exchange retes. In fact, the strong D-Mark was helping such a pol-

icy by easing price pressures. But the strong currency also put e considerable squeeze on exporters. Mr Hermann Rempserger, economist et BHF-Rank, said it was the threat posed to exports and industrial investment by the strong D-Mark that prompted the Bundesbank's action. BHF-Bank has lowered its growth forecast for west Germany this year by half a point to between 2 per cent and 2.5 per cent as a result of the D-Mark's climb.

Even so, some proponents of a rate cut - the first change in official German rates since last summer's reductions - were somewhat taken aback by the

actual decision. Mr Julian Jessop, economist at HSBC Markets in London, has long argued in favour of e final rate cut in tha present economic cycle. Yesterday, he said: "This move could backfire in the markets after the disappointingly high wage settlements."

For the rate cuts to benefit the bond market, therefore, inflation would have to move helow market expectations Mr Jessop thought this would be the case: "This will be the acid test of whether the Bundesbank has damaged its credibility." The bank stressed it was not following an exchange rate goal, but reacting to the sharp improvement in money supply figures and changes on the

world monetary scene.
"Monetary conditions in Germany have changed under the influence of the strong external value of the D-Mark " the Bundesbank said in statement. "The further development of the money supply is being dampened as a result."

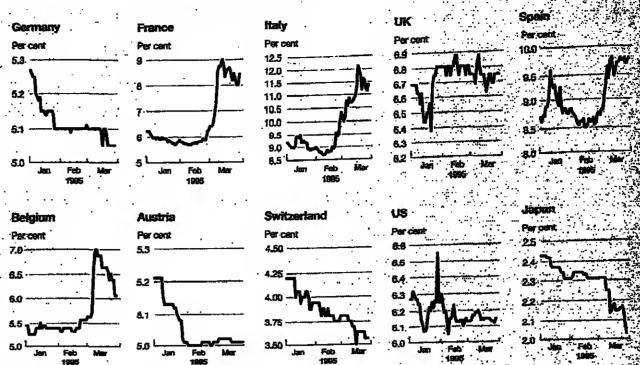
It added that the rate cuts would keep monetary policy on its intended course. The rise in the D-Mark's value would act as a considerable counterweight to domestic cost pressures and to rises in prices of imported raw materials and industrial products. Reaffirming Its commitment

to price stability, the central bank said the rate cut did not signify the all-clear on inflation. It referred to the price risks contained in the letest wage settlements. Engineering and other workers have won pay deals worth about 4 per Mr Martin Kohlhaussen.

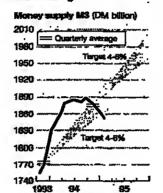
chairman of Commerzbank, vesterday said the engineering deal "breaks all sensible The Bundeshank stressed that it would not be deflected from its stability-oriented mon-

etary policies. If, therefore, its

Three-month interest rates: Europe, US, Japan



Germany



inflation rate starts to look more remote later in the year it can raise rates again.

The cuts of last summer were aimed at shifting funds out of short-term deposits included in the M3 money supply definition and into longerterm investments. This worked, and money supply growth has been reined back sharply. The Bundesbank's conviction that it now had M3 under control hardened its view that a rate cut was justified - although economists expect the next move to be

A short-term respite

By Philip Gawith and Robert Chots

The Bundeshank yesterday maintained its reputation for springing interest rate surprises, but its decision to lower its rates seems unlikely to heve longer-term implications for financial markets. In the short term, it will probably lower interest rate

expectations across Europe. and calm some of the recent tensions in currency markets. There was little expectation among analysts, however, that it would do more than temporarily arrest the recent fall in the dollar and peripheral European currencies against

The dollar's recent weakness against the dollar." More important for financial

the D-Mark.

has been caused by many fac-tors besides the level of German interest rates. Mr Neil MacKinnon, chief economist at Citibank in London, commented: "This does not alter a great deal in terms of dollar direction. I am not going to change my forecast of DM1.25

markets than the activities of the Bundesbank is the outlook

for US interest rates. What happens in the US at the moment is e much bigger issne for global hond and equity markets than Gersaid Mr Michael many," said Mr Michael Hughes, global strategist at BZW in London.

There is increasing concern that the US economy will pick up again after e quiet first quarter. If this prompts the Federal

policy again, it will leave US hond and equity markets, which set the tone for many other global markets, volnerable to a correction. Many observers believe the

Reserve to start tightening

breather offered markets by the Bundesbank will prove short-lived. "The Bundesbank is likely to take it back and more over the next three to six months."

said Mr George Magnus, inter-

national economist at SG War-

burg securities. Although the Bundesbank justified its decision in domestic terms, a collateral objective

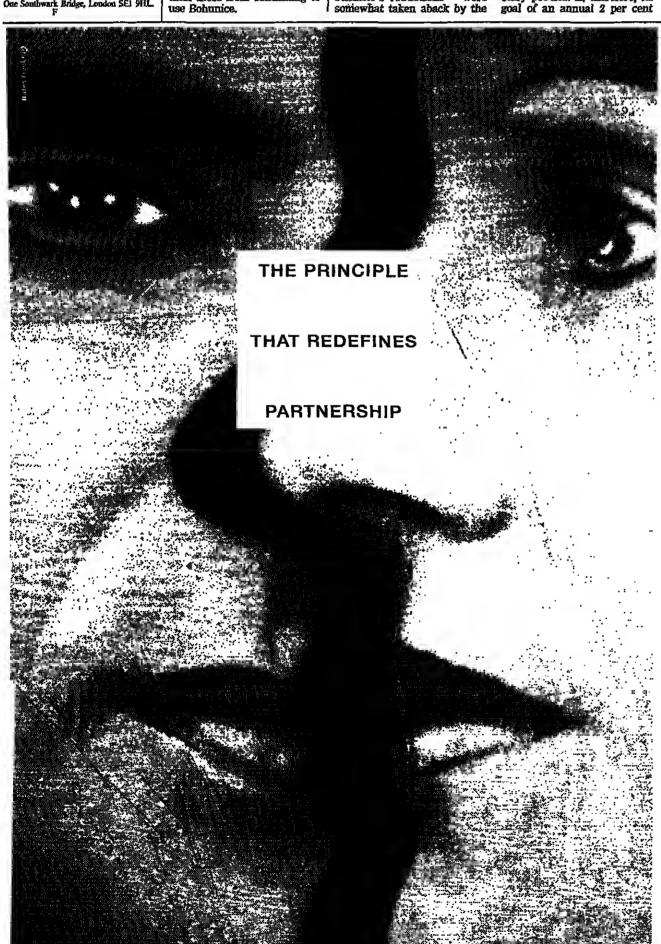
may have been to take some heat ont of the European exchange rate mechanism, trying to ease tensions especially with the French franc.

Mr John Shepperd, international economist at Yamaichi International, said he believed that severe domestic problems would keep currencies like the lira and peseta in trouble. The strains in the ERM will really re-emerge when German rates go up," said Mr Shep-

Less surprising than yesterday's move by the Germans was the fact that numerous. other European countries chose to follow suit.

Switzerland, Belgium, Hol-land and Belgium followed the German example and cut rates. The Swiss national bank lowered its discount rate to 8. per cent from 3.5 per cent; Belgium cut its central rate to 5.25 per cent from 5.85 per cent; the Dutch central bank cut its special advances rate to 4.5 per cent, from 4.8 per cent; and the Austrian central bank cut its discount rate to 4 per cent from 4.5 per cent.

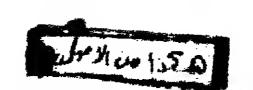
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EUROPEAN NEWS DIGEST

Plea for EU labour reform

Europe should not allow economic recovery to deflect it from necessary changes to make its labour market more flexible and to reduce welfare charges on company payrolls, Mr Francois Perigot, head of the pan-European Unice employers' federation, said yesterday. He urged yesterday's European employment conference in Paris, hringing together labour ministers, business and union leaders of the 15 European Union countries, "not to forget the causes which everyone agreed were at the root" of the 1992-93 European recession that put 4.5m people out of work.

In his closing speech to the conference convened by the French presidency of the EU. Mr Edouard Balladur, France's prime minister, claimed to detect a European consensus on the need to lower welfare charges for lower-paid workers, to permit new patterns of work, and to try to focus job creation on the faster growing European service sector.

the faster growing European service sector.

Mr Balladur also backed the conference call for the two sides of European industry to make more use of the European "permanent committee on employment" in carrying through the recommendations of the Delors white paper on boosting jobs and competitiveness in Europe. David Buchan, Paris

Warning on Turkish finances

Bankers and financial analysts warned yesterday that a prolonged occupation of northern Iraq by Turkey's armed forces could destabilise the country's public finances. Although the cost of the operation is estimated at \$1bn a month, the government has not yet indicated when it will withdraw its troops. An Istanbul banker said yesterday: "Troops must not stay long in Iraq because of the cost. We could see inflationary effects.... International markets are getting more positive on Turkey hut they are worried about troops staying for a long

"Turkey can afford it until May, but from then on the negative impact on the economy would be much higher."

Bankers, who have already agreed to lend Turkay \$500m this year, say the country is expected to seek a further \$250m \$2.55m in financing to help repay \$11.45m in dehts maturing this year, Mr Emre Gönensay, a senior adviser to Ms Tansu Çiller, the prime minister, said in Washington that although "we could [repay \$11.45m]. Turkey's social and political structure may not handle this. The US and other partners should help us."

Hungary to slash state jobs

The Hungarian government said yesterday it would dismiss 19,000 civil servants as part of radical plans to slash state spending. Mr Lajos Bokros, finance minister, said the cuts meant budget-funded institutions would have to lose around 15 per cent of their staff this year.

The measures are part of a wide-ranging economic package announced earlier this mooth which aims to reduce government spending by Ft170bn (\$1.4bn), mainly through cuts in welfare and public administration. Mr Bokros said the government would submit the package – the most concerted attempt in Hungary since the end of communism to cut welfare spending – to parliament next week. It also intended to draw up a particulation.

Analysts estimate some 30 existing laws will have to be amended for the package to become law. Government officials also said the Socialist-Liberal government had nearly agreed on a mnch-delayed law aimed at speeding privatisation, which has ground to a virtual halt since the coalition took office last July. The law is due to be voted on by parliament in early May. Virginia Marsh. Budapest

Deep hole in Arctic ozone

The seasonal ozone hole over the Arctic this spring is the deepest ever recorded, European observers reported yesterday. Half the protective layer in the upper atmosphere above northern Scandinavia and Siberia has been destroyed by man-made chlorine-containing chemicals, according to the European Ozone Research Co-ordinating Unit in Cambridge.

Ozone Research Co-ordinating Unit in Cambridge.

"Scientifically, this is a dramatic event," said Dr John Pyle, research co-ordinator. "It shows how close we can get in the northern hemisphere to the conditions that create severe ozone depletion over the Antarctic, and it emphasises the importance of implementing the international agreement to phase out ozone-depleting substances."

importance of implementing the international agreement to phase out ozone-depleting substances."

The European scientists said long-lived chemicals such as CFCs — outlawed by the Montreal Protocol — had destroyed particularly large amounts of ozone this year because the stratosphere was unusually cold. Dr Pyle said the atmospheric circulation, combined with the return of sunlight, would hreak up the Arctic ozone hole over the next month or so. It was unlikely to cause a dangerous increase in ultraviolet radiation from the sun over populated regions of northerh Europe or North America. Clive Cookson, London

Prize for FT correspondent

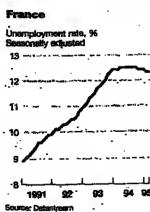
Ms Judy Dempsey, the Financial Times Berlin correspondent, was yesterday presented with one of the Anglo-German Foundation's two annual journalism awards for her reporting from the German capital. The other prize winner was Mr Reiner Luyken, who writes from Scotland for the German weekly Die

Ms Dempsey and Mr Luyken received their awards, each worth DM10,000 (\$7,000)at the annual Anglo-German conference et Königswinter, near Bonn. The two winners ware praised for "the consistently excellent standard and breadth of their coverage". Ms Dempsey, the FT's former east European correspondent, has worked in Berlin since 1993. Mr Luyken, who originally trained as a harpsichord-maker and organ-builder, has been writing for Die Zeit since 1982 after moving to Scotland in 1977.

ECONOMIC WATCH

1

Fewer French out of a job



French unemployment fell for the fifth month in succession in February, declining hy 10,200 to 3.3m, according to labour ministry statistics. But confirmation of the fall, which had been leaked ahead of the official announcement, was overshadowed by a wave of public sector transport strikes. The strikes, which included 24-hour stoppages on the French railway network and the Paris metro, and the final day of a three-day strike by Air Inter, the domestic air-line crippled the national transport system. The actions

on "black Thursday" reflected a series of grievances among public sector employees, from opposition to job cuts and changes in work practices to demands for higher pay. Economists said they expected unemployment to continue to fall as the economy gathered strength after the sharp recession of 1992-1993. But they added that, with 12.3 per cent of the workforce out of work, France still had the highest jobless rate among the Group of Seven industrial and the strength and the stre

trialised nations. John Ridding. Paris

Norway's unemployment rate in March fell to 4.9 per cent of

the workforce from 5.3 per cent the month before.

Portugal's retail sales index rose 8.0 per cent last November from the previous month and retail sales were 7.8 per cent up

■ Swedish producer prices rose 0.9 per cent in February, sharply down from January's 3.1 per cent rise but well above the February 1994 fall of 0.2 per cent.

Jospin tries to lead with left French party



The chill wind blowing across the French town of Nancy did little to damp the enthusiasm of supporters of Mr Lionel Jospin, Socialist candidate in

FRENCH
ELECTIONS
April 23/May 7
just a handful of people had braved the bitter cold and snow at the Zenith Centre on the outskirts of Nancy, in the eastern Alsace-Lorraine region. One woman wondered whether the televised France-Israel foot-

Then the coaches hringing supporters began to arrive, awelling the crowd to some 3,000. The beer and hot-dog stand started doing brisk business; champagne was available too, though selling rather less well

ball match was keeping others

Yet the mood was not entirely enphoric. Mr Jospin still lies several points behind the front-runner in the polls, Mr Jacques Chirac. As one factory worker said: "A lot of people are pessimistic hut we must keep up the optimism. Of course Lionel can win."

Mr Jospin still triggered a

Andrew Jack watches France's Socialist presidential hopeful

standing ovation as he entered the arena to deafening sound of triumphalist music.

It was up to Mr Laurent Fabius, the former Socialist prime
minister, to warm up the
crowd. He derided the efforts of
Mr Edouard Balladur, whose
lead in the polls has vainished
in recent weeks, to show himself a man of the people. He
last week had to hitch a lift,
said Mr Fabius, "but even so
he hitch-hiked in a Mercedes".
Mr Fahius said France
needed a president for the 21st
century, not a choice between
Dupond and Dupont - a reference to the twins in the Tintin
books - in the form of Mr Chirac and Mr Balladur. Some-

what unconvincingly, he called

on the crowd to hail Mr Jospin

"who will be in the aecond round, and perhaps president". It was a theme quickly taken up by Mr Jospin, who launched into an 80-minute speech, much of it attacking his two leading rivals in the polls. "Ladies, gentlemen, dear friends," he started. "Comrades," someone shouted from the audience. "Comrades, of course," he rapidly added. "I need your strength, your commitment. I will retrain it

"I am stupified that a man of 60 has just discovered how to hitch-hike, and to get up onto tables," he said, picking not where Mr Fabius had left off and referring to Mr Balladur's recent attempt at a more populist image. "They were things I learnt at 16 and gave up soon

"It's about as credible as Mr Chirac starting with social issues and finishing with Europe, " he went on, turning to the policy vacillations of his leading opponent.

Mr Jospin stressed that victory was possible, recalling

tory was possible, recalling how quickly Mr Balladur's lead had crumbled in the past few weeks. He renewed his call for a televised debate among the three principal candidates – an initiative which Mr Balladur supports, having earlier refused when he was ahead in the polls.

Mr Jospin called for ambi-

tious public job creation schemes "in the spirit of [US President Franklin] Roosevelt", an end to privatisation, greater social justice and a move towards a 37-hour working week as part of the effort to reduce unemployment.

He also argued against the claim that the elections are no



espin: standing ovation

longer about the political left versus the right. "Who has advanced French society at every stage since the Revolution?" Who was behind universal suffrage, public education, nationalisation and the separation of church and state? be asked the crowd. "The left," replied the audience.

it was a passionate speech, but one that suffered from Mr Jospin's obvious lack of personal charisma. During the rousing applause at the end, he looked emharrassed to raise his hands. And there was barely a trace of a smile.

funding inquiry

By John Ridding in Parts

The spate of corruption investigations which has shaken French politics over the past 18 months took an unusual turn yesterday when Mr Pierre Mehalgneria, the justice minister, ordered the opening of an investigation into allegations of illicit financing concerning his own centrist party.

party.
Mr Mehaignerie, a supporter of Mr Edouard Balladur, the prime minister and a candidate in the April/May presidential election, described the move as "unique of its kind". He announced the opening of a preliminary inquiry after a lunch fur the legal profession hosted by the prime minister.

hunch for the legal profession hosted by the prime minister.

The preliminary investigation is the first step in examining whether there is a case to pursue. It will centre on allegations that Mr Mehaignerie's CDS party received illicit funds through a Swiss bank account in the 1960s.

The justice minister, who headed the CDS for 12 years until the end of 1994, has faced calls to open an inquiry since the allegations surfaced this month in Le Canard Enchaîné, the satirical weekly. According to the newspaper, the Swiss account had provided a signifi-

cant part of CDS funds in the late 1980s.

The inquiry ordered yesterday, however, is limited in scope, relying on the police rather than an investigating magistrate. The police will report to public prosecutors, who are answerable to Mr Méhaignerie. A left-wing magistrates' union denounced the limited nature of the inquiry accusing the justice minister of taking advantage of his position to how the core.

tion to bury the case.

Yesterday's move is the latest step in a series of investigations into allegations of corruption and illicit financing among France's political parties and politicians. The investigations have prompted three resignations from Mr Balladur's government over the past year, rocking the centre-right administration.

Mr Méhaignerie has given investigating magistrates a free hand in pursuing their cases in both the business and political spheres. He was also one of the main supporters of a reform of france's party financing laws, implemented last year, which suspended contributions to political parties by husiness groups. He said yesterday he was also considering steps to ensure the protection of judicial secrecy.

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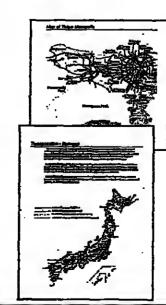
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Court refuses to block launch of Telecom Italia's mobile service

Italy clears line for digital phones

Telecom Italia, Italy's state-controlled telephone company, will formally launch its digital mobile telephone service tomorrow, after a Rome court yesterday dismissed its rival's complaints of unfair competition.

Omnitel Pronto Italia, the rival mobile phone operator, said yesterday it was still "firmly convinced that Telecom was committing a serious abuse of its dominant position" and promised to continue the

regulatory struggle.
Omnitel, which is owned by headed by Olivetti, the Italian coms grid in Italy.

plained that the April 1 launch date gave Talecom Italia an unfair head start in the newly liberalised market for digital mobile phone services. Omnitel says it will be ready to launch its rival service only towards the end of this year.

But the Rome appeals court said yesterday that Telecom Italia's decision to launch tomorrow was not an abuse of its dominant position. The court also dismissed complaints that the state-controlled company could take unfair advantage of its existing sales network, brand name and an international consortium ownership of the fixed tele-

long regulatory battle - also being waged with the antitrust authorities in Rome and Brussels - will be closely watched by other potential entrants to Italy's lucrative telecommunications market, until recently under the monopoly control of state companies.

In the absence of a specific telecoms regulator in Italy, the court'a judgments could also influence the forthcoming sale of the government's majority stake in Stet, the telecoms holding company which controis Telecom Italia.

The latter built its digital "GSM" service, which is compatible with other European ago but has not been allowed to market it actively until now.

The state-controlled company has, bowever, attracted more than 24m subscribers to its analogue mobile phone service, over which it has a

Omnitel is still hoping for the active support of Mr Karel Van Miert, European competition commissioner, and Mr Giuliano Amato, head of the Italian antitrust authority, both of whom have indicated they believe it may be the victim of unfair competition. However, neither has yet taken firm action against the Italian government or Telecom Italia,

Union to apply sanctions against Moscow

because of its military intervention in the

Caucasus. Mr Alain Juppé, French foreign minister, criticised Russia for ignoring EU

warnings. France, which currently chairs the Union'e council of ministers, is pressing for a

joint statement warning Russia that it would

have to reverse its policy in Chechnya to win

approval of an interim trade agreement. KU

foreign ministers, who are due to review the

trade deal at an April 10 meeting, froze the

The final outcome of the services, two and a half years which claims it is playing by the rules.

Omnitel is one of several companies investing in Italy ahead of full liberalisation of the telecoms sector in 1998. Others are jockeying for position to become core shareholders in Stet, Telecom Italia's parent. Mr Lamberto Dini, Italy's prime minister, confirmed on Monday that the government wanted to establish "a core of strategic direction and management control" through a stable group of investors. Mr Ernesto Pascale. Stet's managing director, said yesterday he was hoping the core would be controlled by Italian investors.

Moscow go-ahead for more state sales

By John Thornhill in Mosco

The Russian government yesterday approved plans for the second stage of its privati-sation programme which aims to generate Rbs9,000bn to help plug this year's budget deficit. But the proposals sparked a stormy cabinet debate with several ministers claiming the country's long-term interests were being sacrificed for short-term financial gain.

According to Russian news agency reports, the beads of the fuel and energy and communications ministries criticised the plans for being too hastily prepared and failing to concentrate on the privatised companies' investment needs. Some participants even called for the process to be stopped until more thorough plans had

But Mr Victor Chernomyrdin, the prime minister, said there would be no turning back on privatisation and rejected calls for the renationalisation of unprofitable companies. "If the new owners of companies do not manage then it is necessary to look for other owners. But to throw all the Last Chechen stronghold falls to Russian forces Pressures are growing within the European

Russian forces yesterday captured Gudermes, the largest remaining Chechen separatist stronghold, according to government officials, writes Chrystia Freeland in Moscow. But the news that Russia's drawn out military campaign against Chechen rebels could at last be reaching a conclusion came amid increased European criticism of Moscow's military intervention and official reports of high Russian casualties. Military officials revealed yesterday that 1,426 soldiers had died in the three months of war and a further 4,630 had

problems back on the shoulders of the government is intolerable," he said.

Another controversial proposal was also unveiled, and received preliminary approval, at the cabinet meeting. According to today'e issue of Sevodnya, a Moscow daily, govern-ment officials revealed a plan to temporarily entrust the state's stake in several "strategically important and potentially valuable" companies with a group of Russian commercial banks.

The banks would hold the shares in trust for five years after which the state could sell them at a higher price than it could expect to abtain today. The banks are believed to include Oneximbank, Imperial. Stolichnyt Bank, Incombank and Menatep. All are part of Russia's inner circle of "court banks" which rely on their intimate ties with the state to smooth their business dealings. In exchange for holding

banks are to help finance the budget deficit. Mr Yevgeny Yasin, the economics minister, said the government could reasonably

the government's stake the

expect to raise Rbs9,000bn of revenue from the asset sales. But the second phase of privatisation will differ from the first in that more than half the proceeds will be kept by the privatised companies themselves for investment purposes and by their local authorities. Thie means that about Rbs24,000bn of assets will have to be sold in all.

The government will now draw up a timetable for selling individual packets of shares in some of the jewels of Russian industry. But the task will be complicated by the weakness of the country's fragile stock markets, which have tumbled since September's peak.

Mr Sergei Belyaev, chairman of Russie's property committee, said the foreign investors had bought 10 per cent of the shares offered in the first stage of Russia's mass privatisation programme but that their interest had waned. Foreign investors bought \$500m of Russian equities last August but that had fallen to just \$20m by

January. However, Mr Georg Kjallgren, director of Brunswick, one of the biggest stockbrokers in Moscow, predicted foreigners would be eager to bny shares in some of the biggest companies, such as Norilsk Nickel and Rostelekom. "I am sure there will be foreign interest especially as the market has come up quite well in the past two weeks," be said.

But Mr Kjallgren said inves-tors might be better advised to pick up stock in the secondary market where shares were often cheaper than those offered in the official cash auctions. The privatisation sales would also usefully increase the market's overall biquidity.

Swedish krona: victim of flight to quality

Against the D-Mark (SKr per DM) 5.00

Sweden takes a breather from debt burden

By Hugh Carnegy

The Bundesbank's interest rate cut provided a welcome respite for Sweden's . hard-pressed Social Democratic government yesterdey as the Swedish krona rose from record lows and sky-high interest rates eased significantly on the

But the breathing space offered by the German cut was scant relief for the minority government which, over the past two months, has seen its hopes dashed of quickly overcoming the crisis caused by the deep deficit in the public

Mr Ingvar Carlsson, the prime minister, acknowledged yesterday that "it will take time before we have fully restored confidence".

Although be has refused to commit himself firmly to such a move, the government is under heavy pressure to produce a fresh package of public spending cuts when it presents its supplementary budget in late April - to add to three sets of savings measures already set out since the Social Democrats took office last October.

Despite the help from Frankfurt, Mr Carlsson may yet have to swallow his words. In January he said the tough budget set out by Mr Goran Persson, his finance minister, was enough to close the budget deficit and stabilise state debt, running at some 90 per cent of gross national product, by 1998 at the latest.

The budget added SKr22bn (S3bn) in savings to SKr75bn worth of budget strengthening measures already undertaken by the new government. Taken together, the measures included spending cuts equal to about 4 per cent of GNP.

But the financial markets were never convinced that the measures were sufficient and wben the turbulence which blew up after the Mexico crisis hit in December, Sweden was among the countries most severely punished by the "flight to quality".

Long-term interest rates which the government desperately needed to bring down to establish a "virtuous circle" of stronger economic growth and lower debt-servicing costs soared over 11 per cent, reaching a crippling 4.5 percentage points above benchmark German rates. The krona tumbled to a low of SKr5.35 to the D-Mark.

Yesterday the yield on 10year government bonds fell by 23 points, but remained at 11.34 per cent; the krona stiffened to SKr5.27, but was still some 10 per cent cheaper than at the start of the year.

Mr Carlsson continued to iggest in parliament yesterday that the market'e lack of confidence in Sweden was minstified.

He pointed to a forecast this week by the state economic institute that the government would succeed in stabilising the debt as early as 1996.

An export-led economic upswing will produce growth this year of 25 per cent, followed by similar growth next year. The current account is in significant surplus and industrial investments are rising

But the markets are afraid that the rate of growth is limited and Sweden will still carry a heavy debt burden going in to the next downturn. Above all, the investors Swe-

den must attract to finance its large borrowing believe more needs to be done to trim the public sector, which in Sweden remains bigger relative to the economy as a whole than in any other industrialised country. Public spending accounts for nearly 70 per cent of The problem for Mr Carlsson

is that persuading the Social Democratic party, the guardian of the welfare state, to accept further spending cuts is an extremely difficult task. Already severe strains have been caused by the January budget, notably by Mr Pers-son's proposal to cut the monthly child allowance of SKr750 by SKr125 per month. The party looks set to limit the cut to SKr110.

The prime minister repeated

yesterday that he was willing to co-operate with right-of-centre opposition parties - which are pressing for more spending on budget proposals. But he has refused since his election victory last September to consider forming a majority coalition with one or other of the centre-right parties. That was the mova the financial markets always hoped to see as a guarantee of political and fiscal stability.

EU drafts rules for 'distance selling'

By Emma Tucker in Brussels.

Measures to protect European Union consumers who buy goods and services from catalogues, over the telephone or from television displays, were adopted yesterday by consumer affairs ministers. They agreed on draft "distance selling" legislation that will give people the right to full information on products before they buy them, plus a seven-day cooling-off period during which they can pull out of the sale.

The directive, which has to be scrutinised by the European perliament, is expected to boost distance selling across Europe by providing minimum uniform protection for consumers who order goods by fax, mail or telephone from another member state.

The already rapidly expanding sector is expected to grow even faster when digital technology ushers in an explosion of screen-based shopping from

"We hope that this directive will constitute a first step. towards the proper protection of consumers in the informa-tion society," said Ms Emma Bonino, consumer affairs com-

The directive excludes financial services, mainly because ministers were worried that new initiatives could clash with existing legislation guarding against unscrupulous sales

of financial products. Member states will have three years to introduce the distance selling rules, once the directive has completed its progress through the parliament and council of ministers.

Yesterday's meeting also agreed to update rules on food labelling, making it obligatory for certain food products to list not just ingredients but also the quantities of them. "It is important that consum-

ers know how much meat is in a meat product, or how much natural juice is in a fruit inice," said an EU official. To the disappointment of the Germans in particular, the law will not apply to alcohol asministers for years have been unable to agree on how heer, wine and spirits should be labelled. Germany prides itself on the production of exception-

ally pure beer. A decision on adopting a European standard for the marking of precious metals was postponed after it became clear that ministers were sharply divided. Britain, the Netherlands, Ireland and Por tugal believe jewallery and other precious objects should ... be subject to verification by a third party. Other states such as Germany, which allow manufacturers to certify their products, consider a third party. system too bureaucratic.

Ministers believe the lack of common standards is preventing the free-flow of precious metals across the single market. But with such a clear division of opinion, the matter has been referred back to the member states' permanent representatives in Brussels who will attempt to forge a middle way.

THE HUNGRY MICROBE

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How to bankrupt Britain over breakfast: Leo McKinstry audits the whinges on the BBC's Today programme

After the Barings and the Vesteys, Martin Vander Weyer reports on the future of Britain's old money

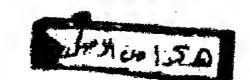
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NEWS: THE AMERICAS

AMERICAN NEWS DIGEST

rules for

Line on military gays 'illegal'

A federal judge yesterday ruled that the Clinton administration's policies toward homosexuals serving in the military violated the US Constitution.

The "don't ask, don't tell" approach, endorsed by Congress, seeks to end discrimination by allowing gay men and women to serve in uniform so long as they kept their sexual orientation private. It also allows honourable discharges to any who go public and prohibits recruiting officers from inquiring about sexual preferences. Judge Eugene Nickerson, ruling on a suit brought by six gay service members, found the policy to be discriminatory and a violation of free speech. It was also "inherently deceptive" because it offered "powerful inducements for bomosexuals to lie".

The administration is likely to appeal to the Supreme Court against the ruling, in which case the policy would stay in effect, pending a final judgement.

Last week, senior officials had claimed the new approach was working well. President Bill Clinton came to office promising to end the US military's ban on homosexuals in the service, but the deeply controversial nature of changes to traditional practice proved a blight on his first six months. He had to overcome substantial opposition inside the military, as well as much criticism in Congress and from the public. Jurek Mortin, Woshington

Republican senator attacks far right Senator Arlen Specter of Pennsylvania yesterday entered the race for the Republican presidential nomination with a frontal assault on the ideas and influence of the religious right. Speaking on the steps of the Lincoln Memorial, commemorating the most illustrious Republicao president, the 65-year-old senator offered his own Contract with America. But his nine commitments to conservative orthodoxy paled in comparison with his final promise "to champion tolerance and freedom, including a woman's right to choose". "Let me say it as plainly as I can; Neither this nation nor this party can afford a Republican candidate so captive to the demands of the intoler ant right that we end up re-electing a president of the incom petent left." Mr Specter, given little chance of winning the nomination, attacked Mr Pat Buchanan, already in the race on

a promise to ban abortion, and teaders of the Christian Coali-

Guatemalan killings to be reviewed President Bill Clinton has ordered an independent oversight board to conduct a government-wide review of allegations surrounding the deaths in Guatemala of a US citizen and a guerrilla married to a US lawyer, Mr Mike McCurry, White House spokesman, said. The review would look at "any and all aspects" of charges surrounding the death of a Guatemalan botel keeper Mr Michael Devine, and a leftist guerrilla commander, Mr Efrain Bamaca Velásquez, who was married to a US lawyer, Last week, US congressman Robert Torricelli alleged that Cot Julio Roberto Alpirez, a Guatemalan officer who was on the Central Intelligence Agency payroll at the time, bad ordered the killings, and that the CIA had concealed its knowledge of the cases for years, Reuter, Tallahassec

CIA pays \$1m to women officers

The US Central Intelligence Agency said it would pay nearly \$1m (£630,000) to settle discrimination charges by more than 300 female officers in its claudestine spying division. Lawyers for the agency and women in the Directorate of Operations were due to sign an agreement yesterday, the CIA said in a statement. The settlement includes \$990,000 in back pay, 25 retroactive promotions, 14 reassignments and 15 transfers back to case officer status for women who had changed jobs. It also calls for the CIA to undertake policy and procedural changes so as to ensure equity in the future, including increased feedback, better training to help managers deal with a diverse workforce, and monitoring of future promotion rates.

Newfoundland's business package

The government of the Canadian province of Newfoundland is offering businesses willing to set up there big tax incentives, large tracts of undeveloped Crown land almost free, and start grants of \$2,000 (£895) for each permanent job created. Mr Clyde Wells, Newfoundland premier, was in Washington yesterday publicising what he called perhaps the most aggressive business incentive programme in North America". It includes 50-year leases on undeveloped Crown land. At the eod of the lease, companies may buy the land for \$1. Nancy Dunne,

Scant change as UN 'takes over' in Haiti

US success story sees Kevlar helmets off, blue berets on, reports George Graham

ix months after US troops Slanded in Haiti to oversee the return of President Jean-Bertrand Aristide and the departure of the military junta that had ousted him, the United Nations will today formally take over responsibility

for the country.
Little will change in reality. US General Joe Kinzer will command the new UN peacekeeping force, and around 2,500 of his 6,000 troops will be from the US. "It'll be a simple matter of taking a Kevlar helmet off and putting a blue beret on," says Gen John Sheehan, commander in chief of the US

Atlantic command. In comparison with Somalia the Haiti operation has been astonishingly successful. Last

minute negotiations led by former President Jimmy Carter persuaded Gen Raoul Cédras. the Haltian military dictator, to leave last September without the need for e forcible invasion. Since then, only one US soldier has been killed in Haiti, although three more committed suicide.

After the bitter US experience in Somalia, that alone is enough for President Bill Clinton to celebrate when he visits troops today and delivers an address to the Haitian people from the steps of the national palace. The operation's success has blunted opposition from Congress, which initially threatened to cut off funding

But Mr Clinton will make

only a hurried, one-day trip, and the triumph is distinctly

Haiti is far from e paradise of peace and freedom. Criminal

violence is rampant, and the

killing on Tuesday of an opponent of President Aristide showed that its tradition of political violence has not ended. US officials insist the foundations of change have

December, before the UN mis-

sion departs next March.

ship is gone and a democratically elected government is restored. Haiti today is a nation where people are build-

the last six months; it has

stopped the flood of Haitian

boat people, removed a mili-

President Clinton addresses Haitians from the steps of the national palace today

That will make possible parliamentary elections in June and a presidential election in

tary dictatorship on its door-"A brutal military dictator-

step and kept its word to restore democracy. In Haiti, bowever, there are many who are disappointed the US has not taken a more active role in policing the country, rebuilding its infrastructure

and disarming its factions and political gangs. Gen Sheehan says US forces have taken around 29,000 weaping roads to get to market ons off the street, and an rather than boats to escape terinterim police force is in place. ror," says Mr Sandy Berger, Clearty they are not the deputy national security adviser at the White House. Mr Berger says the US has equivalent of Scotland Yard, but they are getting better," he says. Perhaps more important. got its money's worth from the he says, there is no military \$900m it has spent on Hain in power left in Haiti, although

there are extremist groups ready to use violence. But the

US deliberately tried to avoid

getting bogged down in day to day police work, as it did in

With Haiti now restored to membership of the International Monetary Fund and the World Bank, and with \$1.2bn of international aid pledged over the next 18 months, economic reconstruction is elso under way. About 40 US companies have returned to the country, and White House officials hope 200 will eventually go back. Haiti has also begun to privatise electrical, telecommunica-

tions and port sectors. has done nothing to improve popular or congressional enthusiasm for this kind of intervention in other trouble

White House takes aim at spending cuts

By George Graham in Washington

The White House took aim at Republican plans to cut government spending, as the Senate prepared to vnte last night on a first \$13bn (£8bn) bite out nf the federal budget. President Bill Clintun bed

already threatened to veto a bill, passed by the House of Representatives, which would have cut \$17bn of spending already authorised for the current fiscal year.

Senate leaders had boped to avert a veto by restoring some of the House's cuts in programmes to help low-income families with housing and

beating expenses.

However, the White Hunse
Office of Management and Budget said that the Senate version of the rescission hill under debate yesterday was still unacceptable.

"The administration does not believe that sound pro-grammes, particularly those eimed et the disadvantaged and those that will ensure our nation's pre-eminent standing in science and technology, should he cut," the OMB

The row over the rescission bill, which is col smaller amount of extra emergency spending on disaster relief, presages much higger fnture battles between the administration and the Repubtican-controlled Congress over spending prinrities.

Democrats have so far won several skirmishes in the cur-rent political bettle over spending cnts, successfully portraying the Republican plan as an effort to take money away from poor children in order to pay for tax cuts for the wealthy.

In response to this claim, the Senate voted 99:0 in favour of an amendment proposed by Senator Robert Byrd, a Democrat frnm West Virginie. ensuring that none of the savings may be used so as to finance the Republican party's tax cut package.

The Robin Hood theme has drawn blood, and many Republicans, even in the House, have urged that their party's tax cut should be limited to families with incomes below \$90,000.

The Senate rescission bill proposes to cnt \$1.5bn from job training services, less than the House's \$2.2bn.

It salvages the \$1.3bn Low Income Home Energy Assistance Programme, or Liheap, which the Hnuse wanted to

Liheap has been a symbolic battleground for years. But members from the chilly north-east have rescued it again and again, joined now by senior Republican senators who are seeking presidential primary votes in New Hamp-

On the other hand, the Senate calls for slashing of spending no airport grants development of a magnetic levitation railway.

The Senate bill prinposes \$6.7bn of extra money to help the Federal Emergency Management Agency cope with unforeseen disasters, where the House plauned only

Offsetting that, the Senate bill would rescind \$13.5bn in previously authorised spending, compared with the House's \$17.4bn.

Baby Bells forced to charge less

The Federal Communications Commission yesterday agreed to new rules that are expected to cut by \$500,000 (£312,500) a year the amount local US telephone com panies may charge long-distance providers for access to their networks, writes George Graham in Washington.

The commission voted 4:1 to change the formula for the price caps it imposed four years ago on the seven Baby Bell companies and a handful of other tocal service providers. The Baby Bells were created by the break-up of the old AT&T and hold

near-monopolies on local telephone service in their regions.

The new rules will tower the access charges the Bells levy on long-distance telephone companies, estimated to total around \$21bn (£13.1bn) a year and to account for roughly 40 per cent of the cost of a long distance telephone call.

Also, a one-off reduction of 2.8 per cent will be imposed on companies which have been exceeding the price caps, cutting another \$500,000 from access charges this

The price cap formula governing acce charges is based on the gross national product price index, lowered by e factor reflecting productivity gains by the local telephone companies and adjusted for any external elements such as changes in the law or court decisions.

The new formula would increase the productivity factor, but give companies a choice between accepting a much higher productivity factor with no limit on their rate of return, or an only slightly higher factor with tougher earnings limits.

The Financial Times plans to publish a Survey on

The Humber Ports: **Gateway to Europe**

on Monday, July 3 1995

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State Holding Company

INVITATION TO BID

BUSINESSES FOR SALE

The Hungarian State Holding Company (H-1115 Budapest, Bánk bán u. 17/b) invites a one round, open tender for the sale of a shareholding of 55 percent minus one share (with a par value of HUF 945.990.000) of the subscribed capital of Athenaeum Nyomda Részvénytársaság (Athenaeum Printing Co. plc.). The eubscribed capital of Athenaeum Nyomda Rt. is HUF 1.720.000.000. Its capital reserve is HUF 1.207.163.000.

Athenaeum Nyomda Rt. invites at the same time a one round, open tender for the sale of the following properties:

> Budapest VII., Osvát u. 8. Budapest VII., Erzsébet krt. 7.

Bids for the two methods of sale are accepted jointly or separately. (Bids for the properties themselves are also accepted jointly or separately.)

Athenaeum is one of the biggest printing companies in Hungary, printing primarily periodicals, dailies and books. Athenaeum operates in two premises in Budapest.

Peyment can be fulfilled with E-credit, compensation vouchers and cash. Preference is given to bidders offening higher cash proportion.

Bids are to submit personally or by a proxy between 10.00 a.m. and 11.00 a.m. on May 19, 1995, in the presence of a notary public, in a closed, unmarked envelope in five copies, in Hungarian, with the original copy marked. The following must be written on the envelope: "Athenaeum Nyomda Rt. részvényértékesítési pályázat".

Place to submit bids:

WestLB Investment RI. H-1075 Budapest, Madách I. u. 13-14. 1st floor. A receipt of the submission of the bids shall be issued by the notary public. The validity of the bids is 90 days from the day of submission.

The purchase of the Tender Invitation including conditions of bidding in detail and of the Information Memorandum is a precondition of the participation in the tender. On purchaaing the tender documents a declaration of secrecy must also be signed. The price of the Information Memorandum is HUF 10,000 plus VAT for residents and USD 100 for

The Information Memorandum and the Tender Invitation is available in Hungarian and in English from March 20, 1995, on workdays between 9.00 e.m. and 17.00 p.m. at the following addresses:

West Merchant Bank Ltd. 33-36 Gracechurch stree! London EC3V 0AX Telephone: 44 71 220 8401 Fax: 44 71 626 1610 Responsible: Michael Richardson Alan Kirkpatrick

WestLB Investment Rt. Hungary Madách Imre úl 13-14. H-1075 Budapest Telephona: (36-1) 268-1940 Fax: (36-1) 298-1930 Responsible: Olli Oksanen Cselovszki Róbert

The State Holding Company reserves the right to declare the tender unsuccessful.

HUNGARY: PRIVATISATION GOES ON



ONE BLACK HORSE THAT PREFERRED TO GALLOP IN SWANSEA...

in 1990, Lloyds Bank transferred clerical support and processing functions from some Central London branches to Swansea. There was more space, so overheads were lower, and the city of Swansea gave them tremendous support.

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Darwin: Asian gateway or northern outpost? Brazil doubles

Federal Australia, while becoming more trade conscious, is still ambivalent about the 'top half' of the country, writes Nikki Tait

t first glance, it seems Darwin, the port town perched at the northern tip of central Australia, should be home to the country's only fully-fledged trada development

Much of Australia's trade policy is focused on the neighbouring Asia-Pacific region, the destination for two-thirds of exports. Moreover, Paul Keating, Australia's prime minister, has said that no relationship is more important for his country than that with Indonesia, its nearest Asian neighbour. Darwin is closer to flight to Bali's Denpasar takes just over two hours.

But the trade zone has had a troubled past and faces an uncertain future. While partly the result of some self-inflicted wounds, it also reflects a federal ambivalence about how the vast "top half" of Australia should be developed and what role, in particular, Darwin should play as a trade "gate-way" to East Asia.

The equivocation is understandable. If a line is drawn across the 26th parallel, 46 per cent of Australia's land mass (roughly the size of the US) lies to the north. While it contains just 6 per cent of the popula-

tion, or 1m people, it contribentirely sensible that utes about 28 per cent of the nation's exports and contains some developments that could bear significantly on future trade performance. These include the large Century and MacArthur river mines; the rapidly-expanding horticul-tural district around the Ord river; and the prospective Timor Sea oil and gas exploration industry centred on Dar-

win itself. In late 1993 a high-level com-

We're going to find our own way in the world."

Nowhere is interest in the report's findings more acute than at the Trade Development Zone (TDZ) itself. The 200ha industrial estate, just outside central Darwin, was incorporated by the local territory government in 1985, and modelled on other such zones.

From the outset, it had problems. Although it was able to

Trade policy is focused on the Singapore than Sydney, and a neighbouring Asia-Pacific region

mittee was set up to look into "the feasibility and potential" for Darwin to "develop as Australia's northern link to East

The committee will report in about eight weeks, but already some Northern Territory locals are becoming nervous about its conclusions. "I think it will offer practical solutions which are achievable," is the careful comment from Michael Kilgariff, at the Northern Territory Chamber of Commerce. But he adds quickly: "People in the territory do think they're being ignored, which explains why

offer relief from state duties and charges and bonded ware-housing facilities, Canberra's

wariness of state-based devel-

opment areas meant that there

were no federal tax hreaks. Worse, the local authorities eagerness to encourage inward Asian investment lured a handful of Chinese/Hong Konghased garment manufacturers into the area. Soon, there were allegations that labour was being employed at below union rates and that immigration rules were being breached. When recession descended, a number of businasses col-

the NT government went out and established links for itself. lapsed. Today, virtually all the original inhabitants of the TDZ

have departed. After lying low for a while, the TDZ has reset its sights. this time targeting small or medium-sized companies involved in the export/import business and mainly of Australian extraction.

Already, its range of tenants include some encouraging prospects. Transglobal Marketing, for example, is a small husiness formed by Pakistaniborn Sakib Awan, which has developed a A\$1m-plus trade in seafood products such as sea cucumber and shark fin. Australian Rural Exports offers veterinary consultancy services, aimed partly at the cattle traders who ship hundreds of live animals a week from Darwin to Indonesia, the Philippines, and Brunei. But the majority of tenants

say that a big issue is whether the authorities now make a commitment to improving infrastructure, in particular transport, needed to offset the limitations of Darwin's small local market.

One frequent complaint is that it costs less to ship freight from Adelaida or Melbourne to Singapore, than from Darwin. This is put down to local service limitations but it makes



nonsense of the northern port's

geographical advantages. For Mr Kilgariff, one of the biggest issues is whether the committee will recommend the oft-mooted rail link between Darwin and Alice Springs, costed at about A\$1bn (£475m). "Until then, we can't develop the notion of a gateway to Asia," he says bluntly.

At present, the rail line from Adelaide ends in Alice, leaving a near-1.500km stretch of country covered only by a two-lane

In 1984, a report dismissed the rail project as unjustified and a potential "misallocation of the nation's funds". That was, however, before Australia abandoned its protectionist policies and sought to encourage an export focus in its manufacturing sector.

For the moment, the Darwin committee itself is saying little, although officials say that, in looking at the benefit to northern Australia of expanding Darwin's trade role, it also expects to include a cost-benefit analysis for the southern

One Darwin-based official at Austrade, the federal trade igency, sums up the problem. "We have to recognise that we're in a developing part of the country. The problems of the Northern Territory are a subset of those of Australia."

tariffs on imported cars

By Angus Foster in Brasilia

Brazil has raised import tariffs on cars and nearly 100 other consumer items to 70 per cent amid mounting concern about the country's trade and current account balances following Mexico's financial crisis.

This is the second increase this year for car tariffs after a period of see-sawing duties. Last October the duties were reduced from 35 per cent to 20 per cent but in February, following several months of trade deficits, tariffs on cars were raised to 32 per cent.

Government ministers said the emergency increases did not mark a reverse in Brazil's five-year-old aconomic and market opening reforms. The increases would be reviewed after a year.

Brazil's trade balance has been in deficit since last November, when an overvalued Real and government efforts to stimulate competition led to a sharp increase in imports. In the first two months of this year the deficit totalled \$1.39bn and the import bill for cars alone last month

Although the measures were

criticised by importers and some economists, most analysts agreed the government had little choice. Devaluing the Real, still seen as overvalued despite a 7 per cent fall this month, could stoke inflation which is already accelerating.

Brazil also feared that a proposal for an across-the-board tariff rise for the Mercosur customs union of Argentina, Brazii, Uruguay and Paraguay would be inflationary. Brazil initially agreed to the idea but at a meeting of the four partners vesterday. Brazil was expected to ask that Argentina raise its tariffs unilaterally.

Brazil's tariff increases we mainly aimed at luxury products which should not have an immediate impact on consumer inflation indices. But imports have kept a lid on domestic prices since the Real's launch last year and Brazilian manufacturers may now try to raise prices.

The government yesterday was also criticised for interfering with the Mercosur customs union tariffs, which only came into effect on January 1. The government said Brazil's Mercosur partners had been informed of the increases.

Siemens poised for \$1.6bn deal

A consortium consisting of Siemens of Germany, a unit of Indonesia's Bimantara group and PowerGen of the UK is poised to win a contract to build, own and operate Indonesia's second large-scale private power project worth some \$1.6bn.

The Paiton II project involves the construction of two coal-fired power stations, with a capacity of 610MW each and will be built in East Java, one of Indonesia's fastest grow-ing industrial regions. The units are scheduled to come on

stream in 1999. The contract is due to be signed at the world trade fair in Hanover, Germany, next week. Paiton II will be 50 per cent owned by Siemens, 35 per cent by PowerGen and 15 per cent by Bimantara, an Indonesian conglomerate controlled by Mr Bambang Trihatmodjo,

President Subarto's son. The consortium has agreed to sell electricity to Indonesia's state-owned electricity company PLN at \$0.065 per kilo-watt hour in 1999 for 30 years. This is significantly lower than

1,230MW coal-fired project. signed in November last year between PLN and a consortium of companies made up of Mission Energy Company, an affiliate of Southern California Edison, General Electric Company, Mitsui and Indonesia's PT Ratu Hitam Perkasa.

The prices negotiated for Paiton I Indonesia's first largescale private power plant, were agreed after two-and a half years of long, arduous discussions and were intended to set a precedent for other private. power projects in Indonesia. The consortium led by Mis-

sion Energy Company agreed to sell electricity to PLN at \$0.0856 for the first six years, \$0.0841 for the following six years and \$0.0554 for 18 years thereafter.

Paiton II's pricing arrangement is lower partly because building and equipment costs have fallen. The contract for the Paiton I project, valued at \$2.6bn, was negotiated at a time when equipment prices were higher. Paiton II will make use of a number of facilities which the Paiton I consortium is constructing as part of its contract.

WORLD TRADE NEWS DIGEST

General Motors has signed an agreement with a Vietnamese partner to sell Opel cars in Vietnam, joining a growing number of foreign car makers interested in the Vietnamese mar-ket. Saigon General Service Company, based in Ho Chi Minh City. will sell the cars, which GM plans to use as its main brand in Asia.

However, industry experts warn that sales of imported cars, now modest at 2,500 a year, could dip following a government decision to reinstate imports of second-hand cars. Vietnam is expected soon to decide how many foreign manufacturers it will allow into the country.

Several hope for licences to manufacture or assemble trucks and cars, including Toyota of Japan, Chrysler and Ford of the US and Peugeot of France, which announced earlier this month that it will invest \$30m in a car production plant just outside Hanoi. Our Hanoi Correspondent

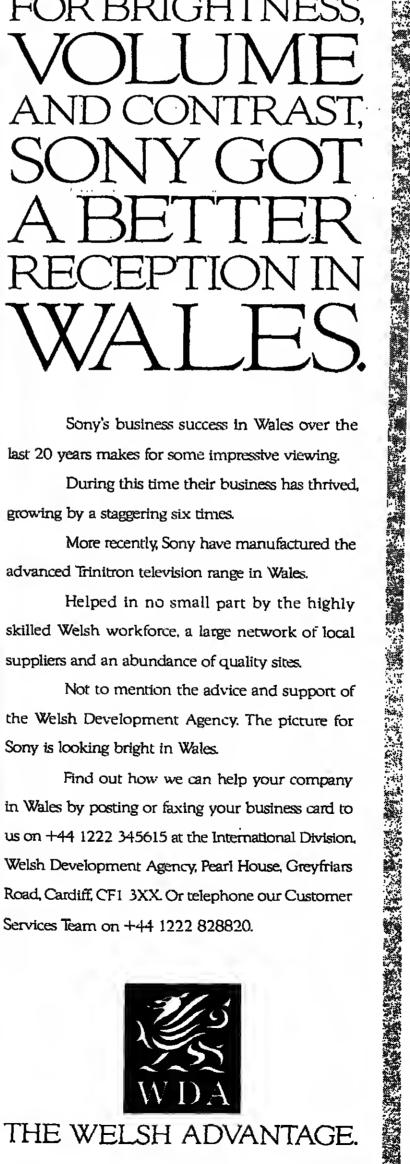
Two US wind power companies are to invest \$195m to build two wind power plants in Inner Mongolia. FloWind Capital of the US and Inner Mongolia Electric Power are to form a \$85m joint venture to build a 110MW wind power plant while Calif-ornia-based ZOND Systems and the local power company have signed a separate letter of intent for a \$110m wind project. Reuter, Beijing ■ BellSouth's Chilean subsidiary will extend its long-distance service to the whole country tomorrow. BellSouth Chile has

provided a service only in metropolitan Santiago, the nearby coastal Fifth Region and in the southern towns of Curico and

Talca. The company will lease facilities from other companies in some areas in order to service all of Chile. Reuter, Santiago Toyota Australia has signed an export agreement, worth A\$400m (US\$291m) a year, to ship Camry cars to six Middle East countries. About 16,000 vehicles will be delivered to Saudi Arabia, Oman, the United Arab Emirates, Bahrain and Qatar in the first year and about 20,000 a year thereafter. Mikki Tait,

■ ABB Asea Brown Boveri, the world's largest power engineering group, has won contracts worth more than \$200m to supply nuclear reactor equipment for the fifth and sixth units of the Yonggwang power plant in South Korea's Chonnam province. The group's US subsidiary, ABB Combustion Engineering Nuclear Systems, will provide engineering design and components for two 1,000MW light water nuclear steam supply systems and associated nuclear technology. Ian Rodger, Zurich

■ The US government's privately managed Hungarian American Enterprise Fund has invested \$1m in Hungary's first business to establish automated teller machines nationwide. Bank 24 wants to set up 400 ATMs by 1998, hoping to spark a minor revolution in cash-only Hungary. Reuter, Budapest



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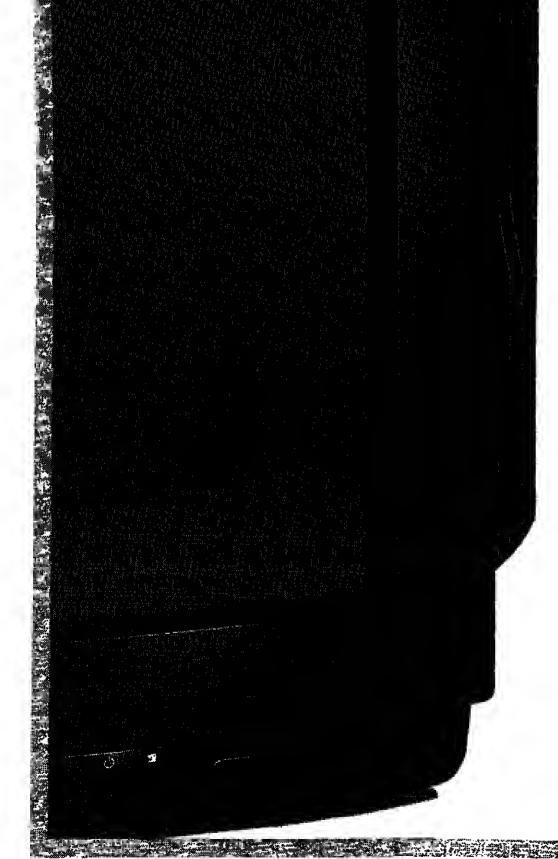
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THE WELSH ADVANTAGE.



Pope issues right-to-life call to arms Climate

Pope John Paul II yesterday locked the Roman Catholic Church into a series of uncompromising positions on sensitive right-to-life issues ranging from abortion and hirth control to genetic manipulation and the death penalty.

The Vatican's position was spelled out in a long awaited encyclical on the "value and inviolability of buman life". This was the 11th encyclical since the Pope's election in 1978 and it reaffirmed his profoundly conservative views on issues which divide

many Catholics. The Polish pontiff's views were already well known but the encyclical's language leaves no room for doubt. Further, the document appears to go further than the Vatican's position at last year's United Nation's population conference in Cairo. It declares that any government that legislates in favour of abortion has no right buman being... and pro-

to do so and the laws thus lack claimed by the Church." any juridical value.

It adopts an activist tone, calling on citizens to take action and protest against laws which legalise abortion and euthanasia - language which could inflame the violent US

According to Vatican observers. Pope John Paul appears determined to ensure that the encyclical hinds any successor to follow this line.

abortion clinics controversy.

The text states: "With all the authority that Christ conferred on Peter and his successors, in communion with the bishops. I declare that direct abortion that is sought as a means and an end - always constitutes a serious disruption of the existing moral order, being the deliberate murder of an innocent buman being...

"No law anywhere in the world can make legal what is intrinsically lilegal as it is against the law of God, written in the heart of every

The view on contraception is also firmer, regarding it as a purely "egotistical" practice. Relating this to birth control programmes to hold down population growth, the language is both colourful and extreme. It talks of "not a few potentates of this earth" who behave like latter-day Pharoahs (who ordered the massacre of the first-born Jews). They seek to head off population growth

fere with their well-being. The text also rejects any resort to artificial insemination since this separates the process of conception from the "conju-

because they fear the prolifera-

tion of poor people will inter-

On genetic manipulation and hio-ethics in general, the Vatican's strictures are likely to do little to help solve the already complex frontier between sci ence and religion.

The document shows the Church is moving toward backing a ban on the death penalty. tence. But yesterday's text



As late as 1992 the Holy See recognised the right of governments to impose the death sen-

indicated the Pope was close to accepting that individuals had the right to be redeemed from

Uncompromising: the Pope signing the encyclical

Campus turmoil in apartheid aftermath

Michela Wrong reports on universities in search of the new South Africa

t has been a typical week in South Africa's academic institutions. At a campus in Soweto students opened fireboses and flooded the grounds. In KwaZulu-Natal a rector was held hostage in his office. In Free State, security forces fired birdshot at a crowd advancing

on a college office. Scarcely a day goes by without an incident on the country's campuses, ranging from the "trashing" of a building to stone-throwing botween white

and black student factions. Tensions were running so high last week Mr Sibusiso Bengu, education minister. published an appeal decrying the "racist overtones" of the crisis and calling on students and university authorities to show restraint. When that fell on deaf ears, be bardened his tone, saying be would not allow the country's universities and colleges to be destroyed and disclosing that the police commissioner and security minister had been

ordered to take strong action.
The turmoil, hubbling for months, centres on "transfor-

mation", a buzzword signifying the overbaul of the councils running the colleges and universities. With a majority government in power, student activists believe the old management structures, dominated "white males" appointed under apartheid, are an anachronism. They want employees and students to have a say in day-to-day management.

But "transformation" goes far beyond the issue of seats on councils. At the heart of the debate, and explaining the increasing hostility between black and white students, is the whole issue of access to tertiary education, regarded as the key to self-advancement in a country where unemploy-

ment is 29 per cent. Although 38 per cent of South Africa's 320,000 university population are hlack, most attend the "ethnic" universities and technical colleges set up for the "Bantu" (the apartbeid government's patronising term, meaning "people") under 1959 legislation. They are regarded as producing second-class degrees with little

value for future employers. So the push is on for places at élite English-language universitles such as the University of the Witwatersrand (UW) in Johannesburg or the University of Cape Town (UCT).

Once enrolled, black students coming from the chaotic township schools, blighted by boycotts, often find it impossible to keep up. The universities, while clinging grimly to academic standards that ensured their degrees were recognised abroad, have tried to adapt by offering catch-up tuition. But activists argue that such gestures are not enough to compensate for years of neglect and want ever greater concessions.

What they want is infinite tolerance so that those who have enrolled can keep on taking courses until they pass," says Mr Tom Lodge, professor of politics at UW. "But that's a waste of resources."

The debate plts the wbole notion of academic excellence against the pressures of development. Academics argue that Sonth Africa must avoid going

the way of third world universities which end up as glorified secondary schools training low-level civil servants.

Their view is that the university must be able to compete with Oxford," says Mr Sibusiso Zulu, bead of the South African Students' Congress at UW. "But we don't believe Britain would want to compete internationally at the expense of the mass of its pop-

Ms Helen Perry, from the Centre for Educational Policy Development, says it is time to redefine academic success: "It's going to have to start meaning other things - the extent to which universities contribute to urhan and rural development, for example."

Some of the first victims of the crisis have been liberal universities such as UW that once played prominent roles in the struggle against apartheid. Academics who championed black rights are now being dismissed as patronising and paternalistic.

"Transformation goes a step further than being liberal and

sympathetic. It means accepting the fact that the disadvantaged have a role in decisionmaking," says Mr David Maepa, an educationalist.
"Now that the issue is actually on these academics' doorstep we find it's a different ball

game altogether." Meanwhile the white middle classes are seeking out safe nicbes. The Afrikaans-language universities, where black numbers are low and the political climate apathetic, are suddenly in demand among English-speaking students.

"I sympathise with the black students' demands but in today's job market It's each for himself," says one Englishspeaking student at Rand Afrikaans University.

The government, more concerned until now with conditions in schools, faces a dilemma as it sets up a commission to rule on tertiary education. It must halt the disintegration of the universities, while avoiding allenating a generation of angry young hlacks that played a part in bringing it to power.

fears lead to pact by insurers

By Karen Fossii in Oslo

A group of hig European insurers and a UK pension fund manager yesterday announced an "active manage ment" pact that will identify concrete solutions to environmental risks.

The agreement implies that environmental protection will be an essential criterion in their operations and that they will set premiums according to customers' environmental performance.

The insurers believe that natural catastrophes are linked to global warming and are alarmed about the potentially devastating financial losses linked to a long list of environ-mental issues ranging from the impact of climatic changes to risks of contaminated landfills.

The world's six largest storm catastrophes between 1987 and 1993 resulted in the insurance sector paying an aggregate \$36bn in compensation, Uni Storebrand, Norway's biggest insurer, said.

Backing the initiative is the United Nations Environment Programme (UNEP) which gave Uni Storebrand a mandate to organise the enterprise.

Other insurers involved include General Accident, one of Britain's largest insurers, Gerling of Germany and Swiss Re, two of the world's largest reinsurance companies and National Provident Institution. a UK pension fund manager.

The group, which comprises the UNEP steering committee on the initiative, is holding talks to sign up a further four big international insurers but aims to rapidly obtain the signature of 50 others.

Ms Elizabeth Dowdeswell. executive director of UNEP. who was in Oslo at the signing, said the group's statement would include commitments to integrate environmental risk into casualty insurance, life and pension savings, investment and real estate management as well as a pledge to use environmental check-lists in daily oparations.

INTERNATIONAL NEWS DIGEST

Aids hope after HIV boy's 'cure'

Medical researchers were encouraged yesterday by evidence that the body can sometimes rid itself of infection by the Aids virus (HIV). Aids specialists at the University of California, Los Angeles, published in the New England Journal of Medicine what they said was the first well documented case of a baby who showed clear signs of infection soon after birth and none at all when a year old. The boy, whose mother is HIV-positive, remains uninfected at the age of five.

Many scientists had assumed that HIV was a lifetime infection, because of the way the virus establishes itself inside the nucleus of blood cells. Although the UCLA researchers do not know how the boy's immune system managed to get rid of the virus, they say it could point the way to developing better drugs or a vaccine against Alds. The report follows a discovery by Oxford University scientists last January of three Gambian prostitutes whose immune systems also showed signs of hav-ing eradicated HIV infection. But their evidence was not as conclusive as that of the UCLA researchers. Dr Yvonne Bryson, head of the UCLA team, warned Aids patients not to cling to the remote hope that their infections too could disappear. "It's probably a rare event but it may be more common than we recognise," she said. Clive Cookson, Science Editor

US urges tougher line on Libya The US yesterday called on the United Nations Security Coun-

cil for tougher sanctions against Lihya that stopped short of proposing an oil embargo. However, a spokesman for Ms Madeleine Allbright, the US ambassador, indicated that the Clinton administration bad not abandoned the idea, despite opposition from European members which import large quantities of Libyan crude. Yesterday's closed-door meeting was the council's ninth review of sanctions imposed to increase pressure on Colonel Muammer Gadaffi to hand over two Libyan intelligence men accused of planting the bomb that destroyed a Pan Am aircraft over Lockerbie, Scotland, in 1988, killing 270 people. Michael Littlejohns, New York

Hutus flee refugee camp terror

Some 40,000 Rwandan Hutu refugees fled from camps in northern Burundi toward Tanzania yesterday, terrified of ethnic violence which has killed bundreds in recent days. "Tha camp (Magara) is completely empty and thousands more could leave from neighbouring camps over the next couple of days," said Ms Dominique Boutriot, of Médecins Sans Frontières. Refugees fear attacks on the camps following an assault on Majuri camp on Monday in which 12 Hutus died. Reuter, Ngozi, Burundi.

Sale of cut-price shares halted

The government of Cameroon has cancelled the sale of shares in the state cotton company - one of 15 due for privatisation. The shares had been sold within government circles at a fraction of their value. Officials said foreign donors had been putting President Paul Biya under pressure to annul the sale, which they said risked scuppering a new International Monetary Fund standby agreement expected to be signed by July.

Yemen has devalued the official exchange rate for the rial from 12 to the dollar to 50. Yemen has several exchange rates; the official one is used at banks and customs departments. Reuter, Sanaa

Sudan's largest southern rebel group, the SPLA, declared a two-month ceasefire after the same step by Khartoum and called for international monitors. Reuter, Nairobi



Probatopole has bear in the world

Beijing assails **US** loan threat

China yesterday hit back at US claims that it no longer merited access to the World Bank's cheapest credits, calling the soft loans essential and irreplaceable in its war on poverty, pollution and backwardness, Reuter reports from Beijing.

"In accordance with the World Bank's principles on the distribution of soft loans, China is fully qualified to enjoy its due share of World Bank soft loans," a Foreign Ministry spokesman said.

Mr Lawrence Summers, US treasury under secretary, said on Monday the World Bank was likely to cut off China from the lowest-cost loans offered by its concessional lending arm, the International Development Association. Citing the vibrant Chinese

economy's ability to attract commercial capital, Mr Summer said he would be "very surprised" if the World Bank continued to find China eligible for soft loans after the current \$18bn IDA programme expires on June 30, 1996.

IDA, funded by the US and its rich allies, lends without interest charges to the poorest countries - those with average per-capita incomes below \$835. China, with 1994 per-capita GNP of \$490, has been a heavy IDA user, borrowing \$925m (£581m) in 1993-94.

Mr Pieter Bottelier, World Bank Beijing mission chief, has said no decision had been made on the proposed Chinese cut-off and further talks were needed among donor countries. Diplomats in Washington said World Bank managers appeared to support the US move but warned that Japan could be expected to support China, as it has done in the

World Bank commends Indonesia

By Manuela Saragosa in Jakarta

The World Bank's vicepresident for the Asia-Pacific, Mr Russell Cheetham, has commended. Indonesia's, prudent economic management and said the bank will continue to extend soft loans to the country, which has one of the developing world's largest

"Both the president and I recognise the importance of continued prudent macro-economic policies," Mr Cheetham said after meeting President Subarto to discuss implications of the devaluation of the Mexican peso following a balance of payments crisis there. "Indonesia has dealt with problems decisively and in an effective manner," Mr Cheetham said.

However, be warned that the country must be prepared to deal with "unexpected events" to avoid a Mexico-style crisis. Indonesia foreign debt stands at about \$87bn (£55bn) but could be nearer to \$100bn following appreciation of the Japanese yen, in which some 40 per cent of Indonesia's foreign debt is denominated.

Although the country has never defaulted on or reschednled its debt repayments, there was concern that Indonesia might devalue its currency in the wake of the Mexican crisis because of its large debt. President Suharto ruled out a devalnation at the time despite strong pressure on the Indonesian rupiah. Mr Cheetham said the World

bank would continue to support the economy of Indonesia, which is one of the World Bank's largest clients, with soft loans. The bank pledged \$1.6bn aid to Indonesia in 1994.

Japan's social order jolted by shooting

Tha Japanese government yesterday promised to clamp down on law and order after the attempted assassination of Japan's most senior policeman. believed to be linked to last week's nerve gas tracedy.

Mr Takaji Kunimatsu, commissioner general of the National Police Agency, was shot in the back outside his apartment in a northern suburb of Tokyo, as he left for work. He had no bodyguard.

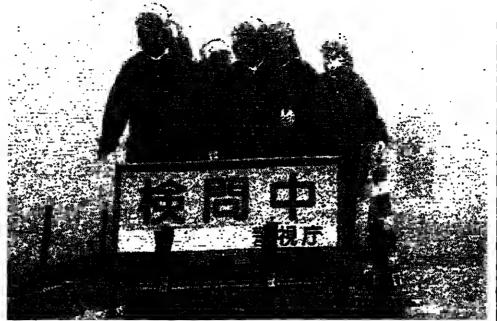
and the masked assailant escaped, unchallenged, on a

Mr Runimatsu, in critical condition last night, was in charge of the inquiry into the gas attacks on the Tokyo subway. An anonymous telephone caller told TV Asahi, a leading television station, that Mr Kunimatsu's deputy and the would also be attacked unless police halted their search of Aum Shinri Kyo, the cult being investigated for production of nerve gas and kidnapping.

connection with the shooting. Mr Hiromo Nonaka, chair-man of the national public safety commission, said the shooting was "possibly linked" to the subway gas attack. The National Police Agency office is opposite the main entrance Kasumagaseki subway station, the focus of the gas

Aum Shinri Kyo denied any

After the shooting Mr Kozo Igarashi, the chief cabinet secretary and government spokesman said it was "very regrettable" that Japan's social situation was worsening. This was a hlow to Japan's reputa-



Police reinforce a fog-shrouded checkpoint near the Aum Shinri Kyo beadquarters yesterday

ist attacks are rare, he said. Mr Kunimatsu is the only police executive to have been shot in Japan since the end of the second world war. He is a powerfully symbolic target, his rola includes responsibility for the parsonal security of Emperor Akihito, Japan's bead

The ease with which the shooting was carried ont is likely to weaken faith in the government bureaucracy, when the authorities are already under fire for their slow reaction to January's earthquake in Kobe and the lack of arrests 10 days after the

Mr Kunimatsu was involved in drafting a law, three years

ago, to curb gangsters' habit of ation. His remarks appeared to extorting cash from companies in return for not disrupting sbarebolders' meetings, prompting police to consider gangsters as a second line of

• The president of one of Japan's largest banks admitted yesterday his company had been involved in the management of a scandal-tainted financial institution that collapsed last December, Gerard Baker writes. Mr Tetsuya Horie, president of Long Term Credit Bank of Japan (LTCB), told the budget committee of the House of Representatives that his bank had made efforts to improve the operations of the Tokyo Kyowa credit associ-

contradict his earlier statements that LTCB did not have a managerial relationship with Tokyo Kyowa or its president. The ruling parties of Japan and North Korea yesterday signed a declaration urgins their governments to restart efforts to normalise diplomatic relations, Pyongyang's official news agency said, Renter reports from Tokyo.

 A Tokyo court ruled yesterday that the 1992 dismissal of a HIV-positive employee by a computer software company was invalid, and ordered it to pay Y6m (£42,000) compensation and additional unpaid salary to the employee, Kyodo reports from Tokyo.

Australian inflation rate rise expected

By Nikki Tait in Sydney

Anstralia'a underlying inflation rate is set to top 3 per cent during 1995, putting it outside the Reserve Bank of Australia's 2-3 per cent target

The warning was given in a speech by Mr Bernie Fraser, the RBA governor, yesterday. He also cautioned that there would be a sharp jump in "headline" inflation when the figure for the first quarter is leased next month - a reflection of the three increases in interest rates and associated mortgage rate rises - and said the bank expected this statistic "to hover around 4-5per cent during 1995". In his first public assess

of the economy for four months, Mr Fraser emphasised that the bank was not ruling out further interest rate rises if tha slowdown in Australia's growth rate appeared to be insufficient to check inflationary forces. He admitted there was little

agreemant on the level of growth the country could comfortably sustain but said "a long-term potential growth rate of around 4 per cent would seem a reasonable aspiration". In the third quarter last year, growth for the non-rural sector was running at an annual 7.3 per cent. Growth figures for tha last quarter will be released today.

Mr Fraser also expressed some anxiety over wages and the current account. On tha former, he said growth in earnines "has quickened a little, to around 4-5 per cent". He argued this rate of increase, together with current rates of productivity growth and profit margins, is broadly consistent with underlying inflation of 2-8 per cent. "That situation, however, is quite tight," he commented, warning that there was no room for further slip-

page.
On the current account front, he noted that - extraneous factors such as drought aside - Australia has a "structural" problem, spending more than it earns and depending on foreign saving to bridge the gap. He acknowledged mea-sures to lift domestic saving were likely to be included in the May budget, and that there were pledges to bring the gov-

The Australian Labor Party yesterday claimed outright victory in the New South Wales state election, saying it believed it had the minimum 50 seats needed to form a.... government in its own right. Nikki Tait writes. Mr John Fahey, the Liberal opposition leader, who has held together a coalition government with support from independents for the past four years, conceded defeat shortly afterwards. The NSW poll was held last. Saturday. At the weeke however, both Labor and the Liberal-Nationals emerged with 46 seats; and independents, two. Five seats remained in tight contention, dependent on the allocation of preference votes and postal voting results. Counting is still under way but it seems likely the final tally will be Labor, 50; Liberals (with one conservative independent), 47; and two non-aligne independents. Labor lost

ernment hudget deficit into surplus by 1996/7.
"This would represent an

improvement in national sav-ing of about 3 percentage points in two years," he said. But he warned that even a "good" budget, "would not necessarily rule out further interest rate adjustments".

power in NSW in 1988.

Mr Fraser's comments which were endorsed by Mr Paul Keating, prime minister, as a "balanced assessment" of .. the economy - came only hours after news of a A\$2.165bn (£989m) current account deficit for February.

This is the seventh A\$2bnplus deficit in eight months, it

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means the deficit for the first two-thirds of the 1994/5 fiscal year is now A\$18bn, a 66 per cent increase on the previous 12 months. Economists noted that, extrapolating that growth rate, would give a full-year deficit of A\$28bn, compared with a revised government forecast of A\$26bn.

However, the February fig ure was marginally better than the market's worst fears. Some encouragement was also taken from a 4 per cent rise in merchandise exports - although, on the eight-month view, exports have grown 2 per cent and imports, 14.4 per cent.

Deregulation plan likely to disappoint

By Gerard Baker in Tokyo

The Japanese government is likely to disappoint consumers, business groups and its foreign trading partners today when it unveils a package of deregulatory measures that will stop well short of a full liberalisation of its heavily-

regulated economy.

More than 1,000 detailed proposals to relax rules concerning production and distribution of everything from cars to contact lenses are expected to be announced with a view to implementation within the next five years. But

announced by the government two weeks ago which were greeted with a conspicuous lack of enthusiasm by both the EU and the US.

The measures were called for last summer by the coalition government headed by Mr Tomitchi Murayama, the prime minister. Since then all ministries have been preparing measures for inclusion in the package.

Japan's economy is among the most highly regulated in the world, and the panoply of rules is widely regarded by economists as deeply damaging to the country's long-term growth prospects, since it distorts the operations of marlations are also attacked by foreign companies and governments because they make it harder to export to Japan. It is believed the package to be unveiled today will restate the government's commitment to the principle of further deregulation and will include a range of proposals to strengthen anti-

monopoly laws. The measures will include action to make it easier to import farm products, cars, construction materials, pharmaceuticals and medical equipment into Japan. They will also improve access to the legal system and open up some

But most of the more important measures called for by foreign companies and governments will be notably absent, including revisions to the widely-despised retail law which raises dis tribution costs, changes to commercial law that dictate the structure of companies, and substantially improved access to financial markets.

smaller financial markets.

There is also likely to be disappointment at the pace of the liberalisation proposed. Many laws are scheduled only to be "reviewed" with no requirement for a firm decision on reform for

Recovery may falter because of yen's rise

By William Dawkins

Japan's economic recovery may falter in the months ahead because of the yen's sharp rise, an official of the Mintstry of International Trade and Industry warned yesterday. Industrial production picked

up hy 1.9 per cent from Janu-

ary to February, recording a ary 1993, Miti reported yesterday. That more than makes up for a 1.5 per cent month on month fall in January, caused by the earthquake which tem-DOTALLIA CLUB Kansai region, Japan's indus-

per cent against the dollar so far this year "is expected to have very had effects in the coming months" and conid "put a damper on the overall eagerness for the Bank of

high real borrowing costs as well as the yen's rise. The strong yen would con-

strain exports, business confieconomy," said Ms Harumi dence and corporate invest-Takahashi, Miti's head of stament, she said. A rise in consumers' appetite for higher Japan to cut interest rates, to priced goods and hence stimulate industrial activity, wesken the growth in

believed to be held back by domestic demand, she added. Another warning sign for future ontput was a rise in stocks of unsold goods, up by 0.3 per cent in February, the second monthly increase running. Industrial production significantly, warned Mr Dick Beason, senior economist at

Taiwanese banks face up to reality

Tighter supervision rules could lead to balance sheet strains, reports Laura Tyson

for reporting bad loans should soon reveal just how much the banking sector has been hurt by the island's ailing property market.

Some banks have been able to hide their true position and pessimists fear a few might even he forced into hank-

ruptcy.
Under stiffer criteria for calcnlating non-performing assets, hanks can no longer conceal past due accounts or finesse them entirely. The measures took effect at the end of last year and the first figures will emerge shortly. The naw criteria are much

stricter than before, so bad loan ratios will be significantly higher," said Mr Tsai Chingnian, director of the finance ministry's bank examination division. "We will check whether banks have set aside adequate reserves, and if not we will ask them to increase provisions against overdue

and the ministry of finance, whose regulatory purviews occasionally overlap, each had its own set of rules which banks were required to follow in reporting their accounts. The finance ministry's tougher standards have been adopted to improve supervision of the financial industry, which has been transformed by deregulation in recent years.

"Before, because of the differences between the two formulas, banks had room to manipolate their halance sheets," said Mr Eli Hong, executive vice president of Taipei Business bank. "We hear some banks have been massaging their figures. Given the bad shape of the real estate market. we could see some institutions go bust."

Several important changes have been made in the way arrears are computed. Overdue mortgage loans must now be included, whereas before they were exempt. Any loans which were refinanced after discussions with the borrower must now also be included. Loans which were not paid because of bankruptcy must now be added into the equation. Once a customer falls behind in interest payments on a medium or long term loan, the bank must report to regulators. Before, this only appeared in the accounts once the borrower fell

behind on the principal. Taiwan's once-sleepy banking sector, dominated by staterun institutions, gained 16 aggressive new entrants in 1992 after a three-decade ban on new domestic banks. This, combined with Taiwanese banks' recent forays into overseas markets and liberalisation before tha island's entry into the World Trade Organisation, bas intensified competition and heightened risk.

Most of the problem loans are related to the construction industry, bankers and analysts say. The property market has been depressed since Taiwan's asset inflation bubble burst in the late 1980s after share prices spiralled and property prices

According to government figures, there are some 850,000 empty units - residential, office and commercial - around the island.

"Taiwan's real estate market runs in seven-year cycles, so normally we could expect a recovery to begin this year," said Mr Daniel Cheo, chief economist at Chinatrust Commercial bank. "But given the current oversupply, political uncertainty surrounding upcoming elections and concerns over Deng Xiaoping's (China's paramount leader) health, we'll have to wait until at least 1997." Taiwan will hold legislative elections later this year and its first presidential elections in March 1996.

There won't be a crash in this market because it's nearly all cash," says Mr Roland Teix-eira, associate director at Jones Lang Wootton, the international property consultancy. Developers rarely finance more than 50 per cent of the costs of a project through loans, com-

wanese individuals view property investment as a way to preserve wealth and often prefer to leave units vacant for

"We don't think the overdue loan situation is particularly serious because the economy is quite healthy," says Ms Annette Lin, executive vice president at the government-backed central deposit insurance, which functions as a quasi-regulator. Gross domestic product is expected to grow over 6.5 per cent this year.

Banks are prohibited under the banking law from lending more than 15 per cent of their oet worth to a single customer or business group, Ms Lin says. Regulators also discourage banks from lending more than 5 per cent of their portfolios to any one industry, which helps to minimise risk.

When they are published, the new banking figures will show whether such optimism is jus-tified.

Auction boosts HK land market

By Simon Holberton In Hong Kong

The outlook for Hong Kong's property market brightened yesterday after the second auction this week of public land for residential development produced results exceeding market expectations.

The property market - the backbone of confidence in Hong Kong - has been in the doldrums for nearly a year. It has been afflicted by both rising interest rates and government action to penalise property speculation.

Worries about the market have affected sentiment towards the stock market and the economic outlook for Hong Kong more generally. These concerns have not been eradicated by this week's auctions, but they have been reduced.

At yesterday's auction Henderson Land, a leading Hong Kong property development company, paid HK\$1.33bn (£108m) for a 241.114 sq ft site in Kowloon, compared with a consensus forecast of around HK\$1.12hn. Henderson will develop the site for luxury resi-

This follows the purchase on Monday by Sino Land of a com-mercial/residential site in the New Territories for HK\$1.32bn which at the time was seen as ahead of expectations.

Earlier this week when Henderson announced a 62 per cent rise in interim earnings to HK\$3.78bn the company's directors said they expected property market activity to pick up. Another large property company, New World Development, this week also said it had discerned a change in market mood. These views have gained credibility from a strong response to the latest release of apartments in the Oasis mass housing project on the south side of Hong Kong island, owned by Cheung Kong, Mr Li Ka-shing's prop-

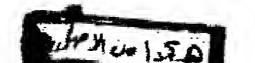
erty group. Some analysts are linking the improvement in mood to the brighter outlook for interest rates, which are pegged to the dollar. Many believe that the current US interest rate cycle might be close to peaking after the decision earlier this week by the US Federal Reserve not to increase short term US interest rates.



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NEWS: UK

Meetings today may free cash earmarked for collapsed empire's pension funds

Maxwell creditors to receive \$720m

By Jim Kelly, Accountancy Correspondent

Administrators to collapsed business empire of Robert Maxwell, the publisher who fell to his death at sea 31/4 years ago, will today pay creditors £450m (\$720m). It will probably be the largest divi-dend ever to a failed UK com-

pany.
The payment represents 19.5 per cent of the losses of 8,000 creditors, of whom 6,000 were bondholders. The total dividend is expected to reach between 35 per cent and 43 per cent. Creditors to Maxwell

Communication Corporation have had to wait for the first dividend over the past year because of protracted efforts to secure a settlement of pensionfund-related claims against MCC.

Last month a historic deal between the trustees of the pension funds, MCC, invest-ment banks and accountants helped unblock the funds which the administrators had realised from the sale of assets. However, because the settlement has not been formally agreed between all the parties, a further £19.5m which is ready to distribute to the trustees of

It is understood that meetings will be held today to try and resolve the matter. It is also understood that, provided agreement can be reached, the

administrators will include the

trustees in the first dividend.

The chances of agreement are understood to be good. Mr Jonathan Phillips, one of the joint administrators with Price Waterhouse, said: "Wa shall move heaven and earth to pay them if agreement can be reached in time."

the Maxwell pension funds cannot be sent out. The trust-ees represent 30,000 pensioners. £19.5m is ready to go to the pension funds, with at least a further £6.5m in two weeks' time, provided agreements between other parties to the pension settlement can be finslised without delay."

Final approval of the pension settlement will allow the administrators to release money now reserved to meet the original claims of the pension funds. As a result, a further £150m could be paid out within two weeks.

Originally the administrators of Maxwell Communication Corporation faced claims on "With immediate effect behalf of the company in

excess of £400m. Under the agreement they are allowing a claim of approximately £100m. If agreement is not reached in time a separate payment could be made later to the trustees.

The payment of the dividend comes four years after the collapse of the Maxwell empire. It involved the administrators in dealing with more than 30 businesses operating through 400 subsidiaries of MCC in more than a dozen countries. Total realisations have reached

The final dividend could be supplemented by the proceeds of legal actions.

Rail safety

UK NEWS DIGEST

project is abandoned

Plans to introduce a £750m high-tech train safety system throughout the British railway network were scrapped by the governme yesterday because of the high cost. The decision to drop plans for the computer-controlled system known as Automatic Train Protection came despite pledges given by ministers and British Rail, the owner of the national network, in 1988 that it would be introduced. ATP is used on French lines, in the Channel tunnel between England and France and in trials on

two lines in England. The case for ATP, which overrides the driver and forces a train to stop if a red light is passed, was strengthened by the report into a train crash which killed 35 people at Clapham Junction in south London in 1988. The inspector, Sir Anthony Hidden, recommended that ATP should be introduced throughout the

national network. But Mr Brian Mawhinney, transport secre tary, said in the House of Commons that the costs outweighed the benefits. The types of accident ATP was intended to prevent - speeding, passing red signals and running into station buffers - accounted for only 3 per cent of rail deaths and injuries.

Charles Batchelor, Transport Correspondent
Privatisation worries, Page 10

Warning of assaults on staff at Jobcentres

Security guards and escape routes for staff will be needed at government Jobcentres when unemployment benefit is replaced by the Jobseeker's Allowance, which lays down tougher conditions for benefit claimants, says a leaked government report. It says there will be an increased risk of assaults on staff because people looking for jobs will be given "unpalatable and unwelcome information". The present unemployment benefit is paid for 12 months. The new allowance will be paid for six months after which jobseekers may be ordered to take any work on offer in a Jobcentre regardless of

pay. James Blitz, Westminster

Drugs company to shed 200 jobs in restructuring

Fisons, the drugs company in the throes of restructuring, is to end 150 years of links with lpswich in eastern England and move its headquarters to London. Two hundred jobs will be lost as Fisons also closes two divisional offices. Fisons has been run from the eastern county of Suffolk since the late 18th century when James Fisons' maltings business expanded from the village of Barningham. Daniel Green, Industrial Staff

Three convicted in big operation against crack

conspiracy to supply crack cocaine in Britain. They included the wife of a Ghanaian citizen described by police as perhaps "the most prolific crack dealer to have come to the attention of police anywhere in the world". He is Chanda Keita, aged 40, who evaded the operation which netted his wife Mariame and two men.

The court heard that the conspirators were watched by police as they visited a London

branch of travel agent Thomas Cook to send money out of Britain. The prosecution said the money out of Havam. The prosecution said the drugs trail probably started in Bangkok with heroin being smuggled out of Thailand to New York. There it was swapped for cocaine, which was brought into Britain – usually by Mrs Keita – where she converted it into crack in a luxury apartment in Park Lane in London.

Truck entrepreneur may start output in Poland

Mr Gordon Brown, the entrepreneur whose high-flying Brown Group International collapsed in controversial circumstances in 1990, is about to return to full-scale production of construction machinery. One of the old icons of Britain's recession and competition-ravaged construction equipment industry, Mr Brown will next week unveil his innovative "Donson Discharge Truck".

The machine is an articulated earthmover which pushes out its load rather than tipping it out like a conventional dumptruck. A prototype will be shown at the Bauma construction equipment show in Munich. It was made for his new company, Donson Equipment, at a secret location where a further 50 machines are being produced.

Mr Brown hopes to start volume production at a permanent site by July, either in northern England or Poland. Negotiations are under way in both countries, and the factory could be employing 300 people after a year, he says. Andrew Boxter, Industrial Staff

More women defy diet-gym culture

A third of British women wear "plus-size" clothing and the proportion is set to grow, says Euromonitor, the market research organi-sation. "Plus size" means 46 and above in most of Europe, 14 and above in the US and 16 and above in Britain. The trend is being fuelled by better nutrition, sedentary lifestyles and the contraceptive pill, says Euromonitor. "The diet-gym culture may be prevalent in younger age groups, but older women are less affected and it is here that the greatest proportion of 16-plus sizes is found." Sales of plus-size clothing reached £2.5bn in 1994 and are forecast to grow by 26 per cent in real terms to £3.2hn at 1994 prices by 1998. The group says there are rewards for any supplier targeting plus-size women but cautions retailers to avoid approaches which could be perceived as patronising or which emphasise the differentiation between 'standard' and 'large' sizes". Diane Summers, Marketing Correspondent

Road deaths decine: The number of people killed on British roads last year was the lowest since records began in 1926, according to provisional figures. Deaths in personal injury road accidents in 1994 totalled 3,651 compared with 3,814 in 1993. The toll compares with 4,886 killed in 1926, when there were only 1.7m registered vehicles compared with about 25m today. The worst peacetime year for deaths was 1966 when 7,985 people were killed.

Palace crash: A man appeared in a London court charged with criminal damage and dangerous driving after a car crashed into the gates of Buckingham Palace. The unemployed 21-year-old was bailed on a charge of causing £50,000 (\$80,000) of damage to a gate belonging to the Royal Household.

Three people were convicted at a London court Warning on derelict land: The UK's stock of derelict land will take over 20 reclaim at the present rate even if no more is created, says a report commissioned by Groundwork, the environmental charity. Research by Professor John Handley, professor of land restoration at Manchester University, found that 70,000 hectares of land was derelict, under-used or neglected. Factories continue to close, and military sites unused after the cold war are deteriorating.

Water company uncorks prices probe

Peggy Hollinger on why the action of a privatised utility has highlighted questions about differences in the treatment of shareholders and customers

A storm was brewing yester day in the boardrooms of Britain's water industry after North West Water's decision on Wednesday to hand out £180m (\$288m) to customers and shareholders over the next five years. Privately, many water chiefs are furious about North West's action, which is certain to lead to pressure on the individual companies to

cut prices. The news is also certain to revive criticisms of the government's privatisation programme and the regulatory regime then set in place. It has led to renewed accusations that the companies were sold off too cheaply in 1989, at a time when few thought privatisation of the long-neglected industry was possible.

The water companies were sold initially for £6.5bn, with more than £5hn of debt written off by the government. Yesterday their market value was more than £12bn, and sharebolders have received more than £2bn in dividends since privatisation.

Customers, meanwhile, have faced large increases in their water bills to pay for improvements in water quality, better sewage treatment and cleaning up beaches and rivers. On average, household bills have risen more than 5 per cent above the rate of inflation for every year since privatisation.

Water companies, like the other privatised utilities, have come under intense criticism for resping huge profits under the regulated regime, returning most of the benefits to shareholders and their executives. The prices the water charge were reviewed last year by Mr Ian Byatt, director-general of water services, who set controls to hold increases between 1995

The water industry regulator yesterday fired a warning shot across the bows of ntilities planning excessive dividend increases. The news comes against a background of increasing public dissatisfaction with the regulation of utilities, which have been criticised for large increases in profits, dividends and execu-

tive pay.

Mr lan Byatt, director-general of Water Services, said for substantial dividend increases should be ignored. Higher payouts should only be funded by increased efficiency. While I do not control dividends, 1 do not expect companies to make decisions which could jeopardise the longerterm interests of the industry." he said.

However, Mr Byatt gave his blessing to the plan unveiled by North West Water, which will mean annual payments over the next five years of £8.50 - totalling £17.5m (\$28m) - to each of its 2.2m domestic customers. Investors will receive a special dividend of 4.75p per share, also worth a total of £17.5m. Mr Brian Staples, North West chief executive, said the cash for tha rebates and special dividend arose from cost savings.

and 2000 to an average of less than 1 per cent over inflation. At the time, there were accusations that Mr Byatt had let the industry off lightly, especially with several companies announcing job cuts and other

To fend off such criticism. the water companies highlighted the investments they were making that had not been required by the regulator. By spending on discretionary mea-

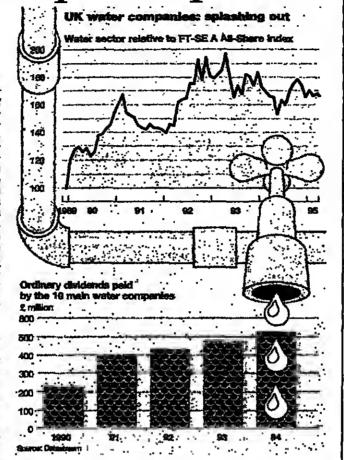
ment schemes to stop flooding of homes, they hoped to dem-onstrate a benefit for customers from the new price regime. North West's action yesterday has undermined that strategy and for the first time allowed critics to put a figure on the money one company is sitting on. Cost-efficiencies achieved in the first five years of privatisation by the com-pany will allow it to divide £36m a year over the next five years between customers and shareholders - an average of £6.50 per customer or 4.75p a share. A similar amount will be spent on further discretionary measures, bringing the total to £360m. S.G. Warburg, the invest-

ment bank, estimates that as much as £1.4hn of operating costs and investment savings could be available throughout the sector over five years. Pressure on the rest of the

industry to follow North West will be intense, especially as Mr Byatt has set his seal of approval on the package. He has further raised the stakes by saying that companies that share the efficiencies made on their investment programmes will face less demanding price controls in future reviews. For investors, yesterday's

announcements offered a welcome clarification of the regulator's intentions for the industry. Confusion has surrounded the future of utility regulation or Stephen Little child, the electricity regulator, decided to reopen his price review eight months after publishing his controls for the

next five years.
"I think it has unshackled the sector," says Mr Kevin Lapwood of Smith New Court, "Investors and the companies have been worrled about how



they could get out the benefits of better financial performance out to shareholders after the electricity experience. They can now promise substantially better than expected dividend growth with the regulator's Analysts are divided on how

many companies will decide to follow North West'a lead - not first five years' investment. The danger for the industry, however, is that if too many companies pay special dividend and customer rebates, the water regulator, like the electricity watchdog, may come under pressure to review his price controls. But if North West is the only water com-

pany to share efficiency gains with customers and shareholders, a future Labour government might levy a a windfall tax to claw back profits.
Whatever the outcome in the

water industry, North West's announcement has put pressure on the other regulators to act on profits.
"Ian Byatt has realised there

companies' balance sheets and is happy to see some of that go to shareholders so long as the customers get a cut," said one analyst. "That is more than the electricity industry regulator has ever done."

Editorial Comment, Page 15 Lex, Page 16

VEBA SHAREHDLDERS

REAPING THE BENEFITS OF SUCCESS

EARNINGS ROSE SIGNIFICANTLY

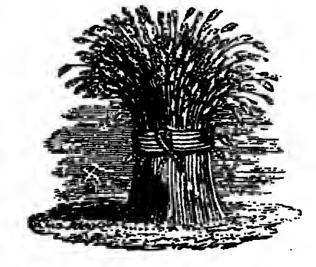
The sharp rise in 1994 earnings, over the previous year, underscores VEBA's success in implementing its streamlining, cost-reduction and efficiency-enhancement program throughout the VEBA Group. DVFA/SG earnings increased by 26% to reach DM 1,521 million. The Electricity and Trading/Transportation/Services Divisions reaffirmed their earnings power. Improvements were made in the Oil Division, and particularly in the Chemicals Division.

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Group Highlights		1994	1993	Change
Sales	DM million	71,044	66,349	+ 7.1%
DVFA/SG* Earnings	DM million	1,521	1,203	+ 26.4%
DVFA/SG* Earnings per Share	DM		24.75	+ 26.4%
DVFA/SG* Cash How	DM million		7,014	+ 4.0%
Capital Expenditures	DM milhor	9,382	5,249	+ 78.7 %
No. of Employees (Dec. 31, 1994)		126,875	128,348	1.1 %
DUTA ISC (Cormon Association for	Financial Analysis and Investment C	hunseling/Schmalenbach-Ge	selfschaft)	

management holding company, VEBACOM, offers a wide spectrum of telecommunications services: ranging from mobile telephony and satellite communications to corporate networks and cable television. To expand its activities internationally, VEBA formed a strategic alliance with the British company Cable & Wireless at the start of the year.

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NOTICE OF ANNUAL GENERAL MEETING

East Rand Proprietary Mines, Limited will be held at Randgold House, corner Northern Parkway and Handel Road, Ormonde, Johanneaburg on 10 May 1995 at 12:00 for the following busin

- 1. To receive and consider the audited annual financial statem
- 2. To elect directors in place of those retiring in accordance with the provisions of the company's articles of associat
- 3. To place the unisqued shares under the control of the directors in terms of the provisions of the Companies Act, 1973, as amended:
- 4. ORDINARY RESOLUTION TO APPROVE THE ALLOTMENT AND ISSUE OF

"Resolved as an ordinary resolution that the director referred to below having been granted options during the year in terms of the ERPM (1993) Share Option Scheme the company hereby approves, in terms of section 222(1)(a) of the Companies Act, 1973, the allotment and issue to the director referred to below of the number of shares set out against his name in so far as he enercises his options in respect of those shares.

NAME OF DIRECTOR

NUMBER OF SHARES 375.000"

titled to vote at the meeting may appoint one or more provide to attend, act, speak and vote in his stead. A proxy need not be a member of

the company.

A completed proxy form to be effective must reach the share tran secretaries in South Africa or the United Eingdom registrars, transfer and paying agents at least 48 hours before the time appointed for the holding of the ing (which period excludes Saturdays, Sundays and public holidays).

A holder of a share warrant to bearer who desires to attend or be represented at the meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the beaver reception office of the United Khodom registrers, transfer and paying agents or be must produce his share warrant at the office of the French agents, in both of at least five clear normal business days before the date appointed for colding of the meeting, and shall otherwise comply with the "Conditions governing share warrants" currently in force. Thereupon, a proxy or an attendance form under which such share warrant holder may be

By order of the board RANDGOLD & EXPLORATION COMPANY LIMITED Per D. J. HADDON

Registered Office Randgold House, Corner Northern Parkway Ormande 2091 neeburg, South Africa

29 March, 1995

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COMMERCIAL PROPERTY approximately I million FT readers

Notice is hereby given that the nixety-ninth annual general meeting of

■ Consortium start-up costs higher than expected ■ Revenues to be squeezed further

Lottery profit below 2% of revenue



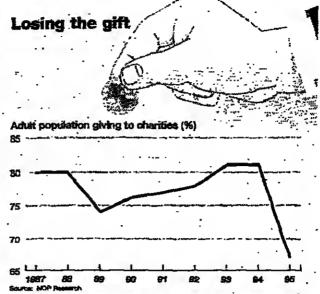
consortium that runs the National Lottery, is expected to make THE NATIONAL pre-tax profits of between

£18m (\$28.8m) and £20m in the year to the end of this month, Raymond Snoddy writes. That is a fraction of the sum widely expected. The lottery, launched on November 18 last year, has done much better than expected with sales of about £1.1bn Camelot's members are Cad-

bury Schweppes, the UK food drink group; De La Rue, the speciality printer; GTech Corporation, the US supplier of lottery equipment; ICL, the computer manufacturer which is now a subsidiary of Fujitsu: and Racal But Camelot has disclosed few figures, and there have been reports that earnings have already reached £100m. In fact the profit level so far is understood to be between 1 and 2 per cent of revenue. Start-up costs have

The number of people giving money to charities has declined sharply since the National Lottery began in November last year, says a survey conducted by the NOP Research Group for the National Council for Voluntary Organisations. Mr Stuart Etherington, director of the council is seeking a meeting with Mr Michael Howard, bome secretary, to appeal for more lottery cash to be allocated to good causes. The Home Office is monitoring the effect of the Lottery on chari-ties. For each £1 ticket sold, the government now receives 12p and good causes 28p. Of that 28p, charities get 5.6p. But the survey suggests that many people think charities receive 22p for every ticket

been much greater than has been widely assumed. Camelot licence the profit level will average under 1 per cent of total revenues and is almost certainly in the region of 0.7



NEWS: UK

per cent. Under the financial regime which won the competitive tender to run the National Lottery the percentages going to Camelot are higher at the beginning to help pay for

accelerating squeeze on the rate of profit as revenues rise. For every pound in lottery sales above £3.5bn Camalot will receive less than £0.02 in

By the end of March 1997, it

is believed, Camelot's capital expenditure will have reached £150m, not including the startup costs of £30m. Under its financing Camelot raised £50m in equity, but also had to post a \$40m bond - or 2.5 per cent of revenues, whichever is greater - if its licence is revoked for any reason. There was also a £75m bank loan from Royal

Bank of Scotland. The consortium also faces 290m in suppliers guarantees and warranties although some, though far from all, of its suppliers are also Camelot inves-

National Lottery sales are now running at the rate of \$50m-£62m a week, which is higher than expected at this stage. But they need to increase to £105m a week and stay there if Camelot's main forecast is going to be met. The forecast states that the National Lottery will have total revenues over seven years of £32hn and raise a total of £9bn for the five " good causes " of the arts, charities, a

man quits Pearson for Murdoch

By Raymond Snoddy

Mr Rupert Murdoch's News Corporation has snapped up one of the UK's most senior broadcasters, who recently announced he was leaving Pearson, the media group which owns the Financial Times.

News Corp said yesterday that Mr Richard Dunn, who resigned recently as chief executive of the Pearson television subsidiary Thames Television, was becoming executive director of News International Tele-

Mr Dunn, who joined Thames in 1978, will be responsible for developing new television channels in the UK and mainland Europe, and later probably in Asia.

Mr Sam Chisholm, chief executive, of satellite network British Sky Broadcasting said yesterday: "Richard Dunn is a very accomplished broadcaster and we are delighted to have him as part of the team. News Corporation is the biggest stakeholder in Sky, in which Pearson has a share. Mr Chisholm is in charge of all Mr Murdoch's television interests

It is believed that Mr Dunn was told by Pearson late last year that Mr Greg Dyke was being appointed above him as chairman and chief executive of Pearson Television. He was told that if he left within 10 days his full contract would be honoured but warned that the compensation might be less if he did not. The deadline was, however, subsequently extended to the end of June.

The departure of Mr Dunu, who is noted for his contacts in international television. caused surprise in the UK. broadcasting industry.

Surprise was also expressed at the \$279m paid by Pearson for Grandy Worldwide, the television company that produces popular dramas such as Neighbours and quiz shows. "I know Reg Grundy and I know for a fact that a year ago he was trying to sell the company for \$90m," said one senior television executive who asked not to be named.

Onset of privatisation alarms rail chief

Sir Bob Reld, chairman of day-to-day problems of the rail-way behind him when he retires today. Although a supporter of privatisation of the national network in principle, he remains deeply concerned about the way in which it is

being done. Sir Bob, who spent 34 years at Shell before moving to BR five years ago, believes that the break-up of the railway will be unnecessarily costly and impose a deadening layer of bureaucracy. He fears that the creation of so many separate businesses will make it harder to provide a good ser-

He is concerned that the new commercial players in the railway market will be tempted to take out their profits and will not be sufficiently motivated to reinvest in the rallway network. The three state-owned rolling stock leasing companies are a source of particular concern. They own BR's 11,000

The chairman of the state network, who is to retire today, explains his worries to Charles Batchelor

British Rail, which still runs the national network, yesterday offered its 81,000 workers a 25 per cent pay rise, our Employment Editor writes. BR said the offer, which was 1 per cent below the inflation rate, was generous "in the light of the industry's competitive position". The three trade unions representing rail workers are demanding a "substantial" rise for their members in what will be the last set of negotiations for the industry before the arrival of full

locomotives and carriages and are shortly to be sold. They do not come under the control regime exercised by Mr John Swift, the rail regulator, and may have little incentive to invest in more modern equipment, says Sir Bob.

Railtrack, which has taken over BR's track and signalling. does come under the regulator's eye. He has already insisted that the amount of depreciation in the company's profit-and-loss account is reinvested each year in mainte-

nance and improvements. But Railtrack, too, will be operating at one remove from the customer and must resist the temptation to go for "goldplated" engineering solutions to problems in place of costeffective actions which directly

improve the service. Sir Bob Reid also has a fear about the way the different players in the industry are tak-

appointed" by the offer, and believed it would prove unacceptable to his members. "It in no way measures up to the commitment railway staff have made to the industry over the past few years," he said. Mr Paul Watkinson, BR's personnel director, said: "Recent years have seen fewer passengers and less freight traffic." ing decisions. In a rare display

of passion, Sir Bob says he hates "conferred decisions". They occur when parties are unable to reach agreement but, faced with the pressures of the tight privatisation timetable. turn to the regulator for a ruling. "We will live to rue that," he warns. Attempts are likely to be made to unscramble such agreements once commercial

pressures mount. The other fundamental

method of privatisation chosen by the government is the transfer of decision-making powers from the politicians to unelected officials. privatisation. Mr Jimmy Knapp, general secre-A rumbling row about the tary of the Rail and Maritime Transport Union, the largest railworkers' union, said he was "dis-

franchising director's decision. to remove subsidy from some of the hngely lossmaking sleeper services between Scotland and the south of England has yet to be resolved. "This is a political decision

weakness he sees in the

you cannot expect the franchising director to make," says Sir Bob. "Policy decisions are heing contracted out to people who don't have a responsibility to the voters." Politicians must continue to bear the responsibility for shutting any line, he

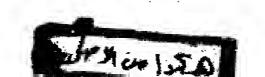
"Managing large undertak-ings through the medium of government is a recipe for all sorts of problems," he says. "But even though I would have done it differently, getting BR into the private sector is the main gain."

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olitical correctness it might seem, has laid hold of Eastman Kodak. The US

photographic giant is about to introduce a novel incentive scheme for its senior managers: their bonuses will depend, at least in part, on their success in promoting women and minorities within their departments.

In fact, Kodak's move owes little to politics and a great deal to practical necessity. Like the rest of corporate America, the company has a problem. Despite the increasingly diverse nature of both its markets and its workforce, its top management is taken almost exclusively from one minority group - white

As a recent study* from the Clinton administration's Glass Ceiling Commission argues, this is becoming a business hability. In a survey of US chief executive officers, the commission found virtually all of them aware of the problem and try-ing to do something about it.

The CEOs were unanimous on the reason: the pressures of change, such as demographic shifts in the workforce and the opening up of global markets. In such a world, using all the available talent

becomes a competitive necessity.

In spite of the good intentions the reality is absurdly different. Among senior managers in the top Fortune 500 companies, the study says, 97 per cent are still white and 95 per cent are still male.

It is not hard to see why. Since CEOs are already at the top of the pile, a drive for diversity poses no threat to them. In the lower ranks, it looks rather different. After years of delayering and downsizing, there are already too few paths to the top. As an unnamed middla manager quoted in the report puts it, with commendable bluntness: "Why would I want a bigger pool? White men can only lose in this game."

This makes the thrust of the Kodak plan rather clearer. On his arrival a year ago Kodak's new chairman and CEO. George Fisher, made plain his desire to bring senior management more into line with the company's customer base. He is now putting direct pressure on Kodak's top 900 managers themselves almost all male and white - to open up the ranks, even if it runs counter to their more

It would not do, however, to portray all CEOs as enlightened agents of change, hampered only by blinkered subordinates. As the Glass Ceiling Commission report makes clear, the world looks rather different to CEOs than to those they seek to promote.

According to the majority of CEOs surveyed by the Commission, the glass ceiling is no longer a problem. All of them thought of it purely in relation to women, not Tony Jackson on corporate America's discovery that political correctness may be a practical necessity

US glass ceilings begin to crack

USE PUL OBSERVATIONS ON GLOBAL SALES POLICY, JAMES, AND PRODUCT PLACEMENT, OWEN. NOW, GILLIAN, WHAT DO YOU SUGGEST BUY MY WIPE FOR HER BIRTHDAY?



minorities. While they concede that women are still under-represented and underpaid, most take the view that enough women have now reached the higher ranks to ensure

as among white men. that proper representation is only a matter of time. When invited to reflect on minorities, all of them thought first of

eral view is that good black executives are like gold dust: courted as undergraduates, snapped up hy the big corporations and liable to be poached by rivals.

hlacks. The gen-

What about Asians? No problem, said the CEOs. Very bright, well qualified, hard workers. And Hispanics? Hard to locate, they said, but very useful for tackling Spanish-speaking markets.

For women and minority managers, there is one simple flaw in all this. To get ahead, you still have to be as like a white male as possible.

All those covered by the report helieved the glass ceiling still existed. As a result, turnover of middle managers is at least twice as high among women and minorities

In spite of the good intentions, the reality is absurdly different. Among senior managers in the top Fortune 500 companies, the study says, 97 per cent are still white and 95 per cent are still male

> There is also the crucial point that in career terms, not all management jobs are equal. To become a CEO, it is typically necessary to have spent 20-25 years in mainstream jobs such as marketing. sales or production. Women and minorities tend to be put into such career sidelines as personnel, research or public relations.

Within the groups, there are nuances. However disgruntlad women managers are, they mostly agree that things are getting better. In time, most think a degree of equality is achievable.

Black managers, however, seem in despair. They are well aware that they are needed, for the same competitive reasons

There is a telling quote from one

CEO who senses something is

wrong. "We recruit only from the top schools, and we hire only from

the top 10 per cent from those schools, for men and women, black

and white. But something happens

to the black men when they go

they consistently come out in the

bottom quarter of our classes.

through our training programm

given by the CEOs. But they believe corporate America sees sary evil As the report puts it, "the respondents believe the barriers to their upward job mobility will not be removed in their lifetimes."

Something is going on and we don't know what it is."

Asian managers agree that they are seen by companies as technically well qualified and hardworking. But again, they often end up in technical jobs outside the career mainstream. Chinese Americans complain that they are seen mainly as scientists and engineers, and therefore bad at speaking and writing. They are not cred. ing and writing. They are not credited with the communication skills

needed for the top. The catalogue of misunderstanding is completed by Hispanic managers. CEOs are acutely aware of the growing importance of Spanishspeaking markets. The snag is that a large number of American Hispanics - some five million adults speak either little Spanish or none

Perhaps all this evidence tells us not that change is impossible, but that it is agonisingly slow. The improving position of white women is the key. They are much more numerous than minority men in Amarica, and were also admitted into management much earlier. Women have therefore led the way: and as the proportion of minorities in the US population rises and some of their managers rise through the ranks, thair position should improve as well.

There is back-handed evidence for

this in the figures for women and minority managers in different industries. The sectors most open to women are finance, insurance, real estate and retailing. Those with fewest women managers are at the heavy end: agriculture, construction and mining. This might be put down to old-fashioned prejudice about women and manual labour. But precisely the same pattern bolds for minorities, who historically provided most of the labour-

ers.
There is a further glimmer of hope in the fact that sectors most open to women and minority managers are typically those with the fastest growth or undergoing the most change: that is, the industries of the future.

Indeed, in some of these industries there is a sub-text which the report is too tactful to mention. Talk to CEOs in California's Silicon Valley, for instance, and you will hear the explicit view that diversity is a competitive weapon against the

This is because Japanese compapies are seen as incapable of allowing non-Japanese or women into positions of power. The Japanese might respond, of course, that this is merely a racist stereotype. But that is political correctness for you.

*Good for Business: making full use of the nation's human capital. The Federal Glass Ceiling Commission, Washington, DC.

In search of a good fad

Peter Barker on the contribution of quality management

ifty years ago most factory
bosses would have laughed
at the idea of paying someone to preach about the obvious virtue of constantly seeking incremental improvements in their production processes. Yet in the 1980s millions of dollars were spent for exactly that purpose, and dozens of books were written on the

subject of quality management. Such is the way with management fads. Contrary to what is often rarely born out of new ideas. Nor do they simply appear and disappear like comets. They arise in response to a new busine context, usually a pervasive one, and are almost always

Originators of management fads build upon accepted ideas, skilfully fitting them to the evolving challenges faced by managers and adding the right dose of scientific or academic rationalisation. They are superb communicators. Sometimes the theory behind a fad is no more than common sense: this is all to the good, since if it is to become widely accepted it should ideally accord with managers' underlying prejudices, seeming intuitively

There is value in a good fad because large numbers of managers get carried along by the tide and start giving extra attention to some previously ignored aspect of their work. This of course may be a necessary condition for its success, as with quality management, which must be a company-wide activity. The danger with a bad one is that it diverts attention from more important preoccupations. Top performing organisations such as Marks and Spencer or ABB are generally fad-free. They are impervious to such things: if anything they are creating the fashions others will follow in the future.

While companies rightly propagate their new management wisdom through internal communications and training programmes, some benefit enormously by exploiting the interest that fads generate in the

world at large, including their customers. Xerox has done this effectively since winning the Baldridge award, America's prestigious prize for quality in 1989. It is constantly cited as an organisation that turned itself round and became more competitive through a relentless. on-going, company-wide quality programme. This was extremely opportune for Xerox at a time when Canon, its Japanese competitor, was being projected within very influential circles as one of the exemplars in successfully managing

innovation. The perception as a cure-all is a real danger with fads, particularly the most successful ones. Of course, only a hopelessly naive person would seriously contend that quality manager was the solution for British industry.

The only magic solution might be the realisation that there is no magic solution. Yet quality management does have an important contribution to make.

It is a philosopby that means

caring deeply about what, bow and why you do what you do in your work, about taking action all the time to improve results. It means acting positively to pre-empt problems and obtain faultless output. When you achieve this, it means having the will to return to the drawing board to look for improvements. Quality management means everyone in the organisation constantly working to improve the organisation's value-adding

What has changed compared with 100 years ago is that today, everyone in the organisation is charged with contributing to

processes in terms that can be

improving its performance. The motivation and capability to do this comes from fully understanding and maintaining an active interest in his or her contribution to the organisation's

With few exceptions, this is not the way factory bosses saw things

The author is director of executive education at the Theseus Institute

March 1995

BUSINESS AND THE LAW

T n the debate on the future shape of the European Union, judicial review of Community acts has been drowned out by larger issues. such as whether to join a single currency and where decisions should be made.

Bnt citizens need easier access to the EU courts in Luxembourg to seek redress against any improper adminis-tration by the European Commission. Over the years the Commission has been given increased powers to regulate the single market. It can, for example, fine companies up to 10 per cent of their annual turnover in anti-trust matters and, most importantly, set out detailed rules for the proper functioning and control of a growing number of market sec-

tors.

Many of these regulatory powers are necessary for the effective management of markets. Without a strong central administration acting to remove barriers to trade and to deregulate national monopolies, the single market would become a burden on business rather than an opportunity. Some regulations will always

be required and the EU is the appropriate level at which to regulate. But at present the Commission can exercise its powers without either proper political control or effective judicial review.

Member states, through the Council of Ministers, now adopt framework legislation to regulate the single market, and then delegate to the Commission the power to adopt detailed rules for implementetion. The Commission, in exercising its delegated powers, must act in concert with "management committees". which are made up of one civil servant from each of the member

If the Commission and a management committee disagree on a proposed measure. the matter can in some situations, or must in others, be referred back for decision to the member states acting in Council. The Commission chairs these committees and is

often the strongest voice. This system is not without problems. At present there is limited opportunity for democratic control over tha process by the European parliament. More importantly, in some areas, such as trade, the Commission can adopt law even where a majority of the member states is against the measure but cannot muster enough votes to block adoption.

Rocky road to EU justice

Barriers to European courts should be lifted for individuals, says Bernard O'Connor



This means that an individual is less able to influence a decision which affects his or her interests, either through the European parliament or the member states. In this situation, effective judicial review becomes all the more impor-

The existing system was laid down in tha 1957 Treaty of Rome and has not been amended since. Essentially, only member states and Community institutions have an absolute right to seek a judicial review of the legality of Commission or other Community measures.

In general, individuals must seek judicial review through the roundabout Article 177 procedure under which an action is launched in a national court against the local implementation of Community rules. The national court can then seek the opinion of the European Court of Justice.

In exceptional circumstances, an individual can challenge its legality directly before the European courts.

This is where the individual is considered to be "directly and individually" concerned by the measure. And so far, the European Court of Justice has been generous in its interpretation of the concept so that the com-panies involved can challenge final Commission decision. However, the court has not

been able to ignore the treaty's specific exclusion of individual rights in other areas, especially in agriculture. In these cases. an individual must wait for a member state to implement a measure before he or she can question its legality.

ny reform of the system should flow from the need to ensure effective procedures to protect the individual's rights and the redress of grievances. Individuals must be given easier and rapid access to the Community courts to challenge measures.

This would require the amendment of Articles 173 and 175 of the treaty, which govern who may bring actions before

the Luxembourg courts. Increasing the individual's would allow greater policing by the aggrieved individual of the Commission's acts or failures to act. At the same time individuals

should be able to find out how and why decisions have been taken. To this end, decision-making must be made more transparent to ensure that the proper internal procedures are

respected.
The courts should have more powers when individuals bring cases to ensure that the correct law and procedures are followed. However, judicial review should not be used to limit the proper exercise of dis-cretion by Community institu-

Consideration also needs to he given to increasing the number of EU courts. At present there are just two: the European Court of Justice and the European Court of First Instance, the junior court set up in 1989. Judgment on questions of EU law from national courts takes an average of 18 months, while actions brought directly hy private parties -individuals or companies take about 24 months to reach

That period of 18 months or more, plus the time taken to bring an action to national courts, means it can take many years to get redress in the EU under present procedures.

Many lawyers believe that as the need for judicial review increases to match the growing power of the Commission to regulate the business environment, two or even three more courts may be necessary. These could be additional first-tier courts similar to the Court of First Instance, with the European Court of Justice acting as an appeal court above them; or federal courts based in the member states with the European Court of Justice in Luxembourg acting as the EU's supreme court.

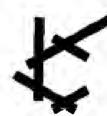
The EU will not gain the respect of its citizens if it mains remote, if there is only limited transparency in decision-making and effective recourse against arbitrary action is not provided for. Next year's inter-governmen-

tal conference is an opportunity for EU countries to amend the Treaty of Rome to ensure that their citizens have effective access to justice. Member states should seize it.

The author is a lawyer practising in Brussels

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Interlogic has its headquarters in Paddington with operational units in Reading and Birmingham.

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1 April 1995.

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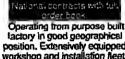
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30th day of April 1985 to send in their full names,
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of their solicators if any to the suderelized Mr
Cossas I. Marrocovinson, ACA of India House, 3
To Dervis Street, NO Box 16.12, CY-1591 Niconia,
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Control I March 1995

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Dated this 31st day of March 1995
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IN PURCHASING THE ASSETS OF FINANCIAL MINING INDUSTRIAL AND SHIPPING CORP. AND MACEDONIAN MAGNESITE MINING INDUSTRIAL & SHIPPING S.A.

EER EXPORTS S.A. established in Athens at 17 Pracepistusion Street. In its capacity as special liquidator by virtue of Decisions No. 4000/1994 and 4/1996 of the Athens Court of Appeal of the above companies which have been placed under liquidation to per article 46s of Law 1892.1996 pleasanted by article 14 of Lew 2000/1991 and complemented and amended by article 53 of Law 210041 by decivious No. 7821/09 and 7823/09 and 78 INVITES

tion to express their inspects to purchasing the assets of the above companies, now maker injustiation, by submitting within revents (20) days writing, non-blading expression of material.

BRIEF DATA ON THE TWO COMPANIES UNDER SPECIAL LIQUIDATION: PINANCIAL MINING INDUSTRIAL AND SHIPPING CORPORATION

It is one of the largest making concerns in Greece, engaged in the emploisation of magnetite more mines and facilities are united softeness and Managad in Embrea. The crumpany also exploses chromite our deposits of menalturpical enforcery grade and powerstar mining concensions for the exploitation of subject onto on the island of Milion as well as for richel-iron and but in the department of Embrea and Boooth. The crumpany's head offlor as at Athens at 18-20 Shackins Storet.

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An affiliated company of FIMISCO, it is expressed in magnesis: mining and producing dead-fourn magnesise, its more basic mines and the ore-carichment figures are situated at Ormylia in Challeddia while the calcinston installations are at Manisoni. Extrem. The company's lead office is in Athens at 18-20 Studies Street.

Station Street.

In order to purchase elements of the assets of the above companies under liquidation, prospective buyers can submit:

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for a separate bid for each entity (described below) of the operational elements of each company,

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conspany, in parallel with the submitterion of offers for the purchase of one corresponding entities of the other company.

Was regard to entities 4 and 7 which contains the elements of seater which do not were the business operational requirements of the two companies, we note
that it is possible to submit reporter bids for each of the assets that make them up, in accordance with peragraph 11a of article 46a of Law 1892-90
supplemented by article 53 of Law 2224/94.

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FINANCIAL MINING INDUSTRIAL AND SEIPPING CORPORATION

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Fixed electro-machanical equipment (ow-processing factories, a neil with rotary kilm for sancrang the magnetize over a MAGFLOT product retractory brick plant; a lossing bridge, fact tents and other arcillery installations.

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ENTITY 2 rice of changing counted on Eretria, Farsala, and includes of chromise mining rights in the departments of Lariess, Fibiotis, Kozzai and Imatha lations, mobile and fined equipment, Spare parts, etc. in the area of Exerca, Fazzaia.

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MACEDONIAN MACEDONIAN MACEDONIAN

II MACEDONIAN MAGNESTIE MINING INDUSTRIAL & SHIPPING S.A.

mical configurat (ore-processing plant and accelery installations

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Buildings

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The above elements of the assets of MACEDONIAN MAGNESITE S.A. are situated to the Foursi Manton-tion area of the department of Enbora is the team place as the every biles of FIMISCO mentioned in Entity I.

ents of the pages of MACEDONIAN MAGNESITE S.A. for which suppose offers can be made, specifically:

OFFERING MEMORANDUM

The liquidator is drafting an officing mentorsuction containing an analytical description of the assets for sale of each company under liquidation and of the above-assationed operational custies as well as their wes-operational elements.

A copy of the Officing Measurementum, which will contain all metal information for prospective buyers, can be obtained from the offices of the liquidating company immediately after it has been deathed. batterstod parties will have access (on signing a written underspling of confidentiality) to any other information they may require.
We note, finally, that the autoconcesson of a public mexica for the highest bidder will be published within the legal time hinter and in the s

ve now, unany, me are amongement of a puny; section for my organic velocity win or processed writin my 1752 and make said in the saids of my pays FREEK EXPORTS S.A., 17 Prancipitation Street, Advisor 185 64, Greece. Teh +30-1-324.3121-5 Fast +30-1-321.3185 and to NDUSTRIAL RECONSTRUCTION ORGANISATION, 234 Sympton Ave., Advisor 176 72, Greece Teh +30-1-951.540 Fast +30-1-956.3285

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CONTRACTS & TENDERS

GOVERNMENT OF THE STATE OF CEARA SECRETARIAT FOR URBAN DEVELOPMENT AND THE ENVIRONMENT (SDU) CENTRAL COMMITTEE FOR PROCUREMENT

CALL FOR TENDERS

INTERNATIONAL COMPETITIVE BID FOR TENDERS #017/95

The Central Committee for Procurement, acting on behalf of the Secretariat for Urban Development and the Environment of the State of Ceará, invites Brazílian and foreign Construction Companies, members of the Inter-American Development Bank (IDB), to take part in the INTERNATIONAL COMPETITIVE BID FOR TENDERS #017/95 whose purpose is to contract public works and services for the construction of 75 km of sewage collecting piping network, for F, G-1, G-2, G-3, G-4 and CE-1 sub-basins under the Basic Infrastructure Program for Public Health in the city of Fortaleza - Ccari - Brazil.

Funds for the execution of public works and services described in this notice are provided by the Basic Infrastructure Program for Public Health in the city of Fortaleza whose partial financing was negotiated by the Government of the State of Ceará with the Inter-American Development Bank (IDB). Contracts are to be in full accordance with the financing agreements #695/OC-BR and 892/SF-BR signed with the IDB in

Pre-qualification documents and price proposals are to be delivered on May 17, 1995 at 4.00 pm at Rua Silva Paulet, No. 324, Aldeota Fortaleza - Ceará - Brazil in two scaled envelopes containing: Envelope "A" · pre-qualification documents and Envelope "B" - price.

The full statement of the term governing the call for tenders, for which there will be a charge of R\$ 50,00 (fifty reais) is available from the SECRETARIAT FOR URBAN DEVELOPMENT located at the Governor Virgilio Tavora Administrative Center, Cambeba, Fortaleza - Ceari - Brazil between March 31, 1995 and May 15, 1995.

> Fortaleza, March 31, 1995 The Committee

Weddel Swift

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- GATT Licence
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- Large market share, turnover in 1994, £54 million.

For jurther information, please contact Keith Hunt at Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 0171-931 4716. Fax 0171-931 3433.

II ERNST & YOUNG

STATE PROPERTY AGENCY

1. The State Property Agency (hereafter: Announcer) invites an open, one round tender for the sale of the state owned shares of Hungarotabak Dohányértékesítő Rt. (Hungarotabak Tobacco Trading Co.).

INVITATION TO TENDER

Registered capital of the Company: Capital reserve by September 30th, 1994

HUF 1,906,000,000 HUF 28,550,000

Bids may be submitted to buy the portfolio in nominal value of HUF 982,000,000 representing 51,52% of the registered capital.

The shares are to be bought in cash only.

2. The tenderer is liable to undertake to uphold his bid for 90 days.

3. Tenders should be submitted at the following address in a sealed envelope without any letterhead, in three copies and in Hungarian language. Foreign bidders may submit their bid beside the Hungarian copy also in English or German although in this case the Hungarian text will be regarded as authoritative.

Bids should be submitted during the tender period in the presence of a notary. The envelope should bear the following password: "PÁLYAZAT Hungarotabak Rt."

4. The bidder is obliged to mark the original copy with the word: "EREDETI". Provided that this mark has been omitted the Opening Committee is going to select one copy received to serve in the valuation process as the original copy, if there is any difference among the copies the content of the copy chosen will serve as the original bid.

5. Submission deadline is May 10, 1995 between 12 a.m. and 2 p.m. Place of submission: State Property Agency official rooms H-1133 Budapest, Pozsonyi út 56.

8th floor, room 804.

Bidders will receive a delivery receipt from the receiver in case of personal submission, The SPA reserves its right to declare the tender void, to announce a second round or to call on the bidders to supplement their tender. 6. The condition of submission is to buy the tender document for HUF 30,000 4 VAT at

the Information Office of the SPA (address; H-1133 Budapest, Pozsonyi út 56. ground floor) and to sign a statement on secrecy.

The bidder has to enclose the invoice received when buying the tender document. For further information please contact Mr. László Weninger, State Property Agency, Privatisation of Industry Management. Phone: (36-1) 269-8600 ext. 1735

HUNGARY: PRIVATISATION GOES ON



Fax: (36-1) 266-8508

State Holding Company

INVITATION TO BID

The Hungarian State Holding Company (in cooperation with Ernst & Young Kft.) invites e one round, open tender for the eale of a block of shares of 51,75 percent, with e par value of HUF 931,420,000 of the subscribed capital of SZIKRA LAP-NYOMDA RÉSZVÉNYTÁRSASÁG (Szikra Newspaper Printing Co. plc.).

The purchase price is to be paid in cash. Payment with compensation vouchers is

allowed up to maximum 10 percent of the subscribed capital. Payment with E-credit or by instalment is not accepted. Bids must be submitted personally or by a proxy in five copies, in Hungarlan, in a sealed, unmarked envelope to the address below. "Szikra Lapnyomda Rt. privatizá-

ció" must be written on the envelope. The tender documents, including the rules of procedure in detail and the information memorandum are available at a price of HUF 25.000 plus 25 percent VAT in Hungarian, and USD 250 plus 25 percent VAT in English from March 20, 1995 between 09.00 a.m. and 12.00 a.m. on workdays on the premises of Emst & Young (H-1146 Budapest, Hermine út 17. 2nd floor, room 219.) and at the Cuetomer Service of the SPA (H-1133 Budapest, Pozsonyi út S6.).

On taking over the tender documents bidders must also sign a declaration of secrecy. The purchase of the "Tender Invitation" is e precondition of participation in the tender. Place to submit bids: Ernst & Young Kft.

(1146 Budapest, Hermina út 17. Protocol floor)

Bids must be valid for 90 days from the deadline of the submission of bids. The State Holding Company reservee the right to declare the tender uneuccesful. Following the purchase of the tender documents, for further information please

Dr. Zoltán Nagy, senior advisor Ernst & Young Kft. (H-1146 Budapest, Hermina út 17.) Telephone: (36-1) 118-7B11/1219 Lajos Bartha, sales manager Hungarian State Holding Company (H-1115 Budapest, Bánk bán u. 17/b)

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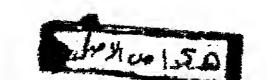
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INTERNATION AMSTERDA

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A Pelléas with punch

Jonathan Miller's evocation of Debussy's dreamworld at the Met has become the hottest ticket in New York, reports Andrew Clark

Metropolitan Opera sits transfixed, without surtitles, through the most uneventful three hours of music in the repertory, we know something exceptional is happening.

That "something" is the final new production of the Met season - Pelléas et Mélisande. In a bouse accustomed to large and lavish gesture, this is a performance of subtlety and rapt harmony between atage and pit. The honours are divided between Jonathan Miller and his design team, the conductor James Levine and his orchestra, and a cast which sheds as much light on smaller parts as on the principal

The Met first staged Pelleas 70 years ago. But despite the steadily expanding operatic tastes of American audiences, a work with no arias or character development is as diffi-cult to sell today as it was then. That is exactly how Debussy wanted it - an opera whose appeal was by nature esoteric. So the new Miller/ Levine production is almost a contradiction: it is a masterpiece of understatement, and yet it reflects the tiniest shifts of texture, urgency and emotion in Dehussy's meticulous handiwork, like a prism transmitting rays of illumination into the giant Met auditorium.

After the resounding impact of the first night, word got around quickly. By the second performance on Monsome of the work's secrets to a large public, without depriving it of mystery or opaque symbolism.

Before the premiere Miller used an interview with the New York Times to take a few awipes at the Met'a operatic culture. He talked of audiences being starstruck and addicted to touristic spectacle, of rich patrons requiring scenery which reflected their own wealth, of "Jurassic Park singers" more interested in making money than drama.

He would have been better to let his production do the talking, because it disproves his every point. With decor hy John Conklin, cos-tumes by Clare Mitchell and lighting by Duane Schuler, Miller evokes the dream-world of a decaying aristocracy in the pre-1914 ancien régime. An indoor-outdoor ambiguity is conjured by shadowy stone walls, tall window-frames and a single barren tree, with strategic shafts of dappled light spreading quietly from the wings. Some of the costumes - ladies' bats more appropriate to southern belles, an Onegin-like summer suit for Pelléas - are a trifle fanciful, but the production achieves its effects with rare clarity and

Within this frame Miller shows that the real Allemonde - Maeterlinck's setting of forest and castle exists within the characters them-

day, Pelleas had become a hot ticket.

The Met now has the good fortune to own a production which unravels

selves. Here are peopls imprisoned by neurosis and blind to their fate, who cannot admit to their weaknesses, for whom physical contact is synonymous with violence. Every word is loaded, and the tiniest gesture speaks volumes - as when Pelléas and Mélisande return fleeting glances after their window scene, or Arkel ahifts imperceptibly as Golaud forces Melisande to the ground. The scenes involving the young couple lack sexual tension, but that may be Miller's way of suggesting a union of souls in a landscape of frigid feelings. However dream-like on the sur-

face, this Pelleas has a core of

evine joins Miller in offering us the best of both worlds - the diapha-nous beauty of tradition and the Boulez school'a "needle-sharp examination of musical detail". Levine's reading is intimate and glistening, without a hint of sluggishness in the Wagnerian interludes. He also proves himself an unexpectedly sensitive colourist: thanks to the precision and finency of his extraordinary orchestra, the instrumental half-tints are wonderfully re-created - no more so than in Golaud's bed-ridden monologue and the subsequent grotto scene

A few months short of her 50th birthday, Frederica von Stade is still a radiantly beautiful Mélisande - more a tortured, Princess Di-like addition to the firm than a stray waif. Her warm, distinctive voice has darkened and won a chesty maturity, well able to express the tearful emotion of "Je ne suis pas heureuse". She is outstandingly partnered by Dwayne Croft's Pelléas, a hionde, debonair beau whose smooth lyric haritone makes him

one of the Met's best finds.
Victor Brann, grey-haired but still in good voice, is the formidable Golaud - a man at war with himself. the archetypal wife-beater. But even be is upstaged by Robert Lloyd's Arkel, tha powerless patriarch whose silent presence and sobbing valediction express everything that is left unsaid. Lloyd has never given a finer performance. Marilyn Horne's Genaviève makes little impact, while Gregory Rodriguez's Yniold receives unusual prominence. With Graham Vick's Shostakovich

production still fresh in the memory, Miller's *Pelleas* makes a formidable double for British directors at the Met this season. Next season brings two Elijah Moshinsky stagings, including *The Makropoulos Case* with Jessye Norman. Millar's achievement has been to show that the Met's limitations - in terms of audience expectations and artistic horizons - are no bar to bringing an elusive work of the past alive for



Next performances April 1, 4, 8, 13. Frederica von Stade: exquisite as Mélisande

Theatre/Ian Shuttleworth

The Mosquito Coast

programme notes to this production begin by declaring that "For some time I have been looking to create a piece of contemporary realism. I wanted to find a modern story that would express itself in psychologically realistic terms whilst evoking a world different from our

Unfortunately, the heightened visual/ physical style of performance which proved a necessary skeleton key to the 1992 dramatisation of Mervyn Peake's Gormenghast here swamps Paul Theroux's novel about a self-sufficiency obsessive trying to forge a life for his family in the Honduran jungle.

Glass notes the story's affinities with Moby Dick and Heart of Darkness, both notoriously unstageable. In fact, his production of John Constabla's adaptation reminds me less of *Heart of* Darkness itself than the film it inspired, Apocalypse Now: the succession of episodes of lysergic surrealism are more Coppola than Conrad.

The decision to lapse repeatedly into pseudo-symbolic dance seems in part down to the practicalities of changing scenes on Rae Smith's set of synthetic earth and wooden planks. As the timber is wielded to create anything from a jungle cooling plant to a dream-crucifix for cracked protagonist Allie Fox, the company of eight undertakes several ballets with the planks and, well, once you have seen one plank ballet, you have seen

Thirteen-year-old Charlie Fox is reduced from the chronicler of his father's decline and fall (as in the book) to its often mute witness: Peter Bailie is compelled to rely upon the Martin Sheen device of manic-incredulous stares to convey Charlie's disillusion-

The lion's share of the dialogue goes to Allie's increasingly crecked ecoevangelistic outpourings (a religious

irector David Glass's parallel made explicit by the presence of a noisome American missionary at various points in the tale).

Tom Hodgkins gets full value out of Allie's messianic streak, frenziedly rolling on the ground in violent self-mortification when he destroys the family's mini-township, but the script's gradual intimations of Allie's instability hecome jerkler quantum jumps in performance, and his final demonic psychosis is reminiscent less of Kurtz than Jack Nicholson in The

Cait Davis's portrayal of Charlie's younger brother Jerry is short-changed by a script over-reliant on the same few hildish words of disapprobation, faithful to Theroux perhaps, but unhelpful to an actor.

he remaining three actresses switch parts from night to night, alternately playing a couple of Zambu Indians, the missionary's daughter and the Fox family's mother.

It is hard to imagine either of the others improving on Dystin Johnson in this last role, agonisedly suppressing her instincts towards her family in the vain hope that her husband will, if indulged, eventually return to his

Overall, though, however much Glass draws on the Brazilian martial arts to stylise the ectors' movements and on tribal musical sounds to create a jungle atmosphere, he does not succeed in his stated aim of marrying his theatrical style to a narrative rooted in the real world, albeit a real world gone

The production is like Allie Fox's sleight-of-hand conjuring tricks: adroit, hut not nearly the wonder it pretends

At the Young Vic. London SE1 until April 22 (0171-928 6363)

South Bank wins the jackpot

matter that you failed to win the National Lottery yet again last Saturday. Your punt has provided the Morecambe Youth Band and the Sheffield Recreation Band with new musical instruments: enabled Grimsby Borough Council to acquire a Steinway grand piano for its new auditorium, and completed the renovation of the Yorkshire Dance Centre in Leeds.

Yesterday the Arts Council of England announced the first recipients of lottery cash for the arts. It was a case of easy does it. There was one monste grant – £980,000 for London's South Bank to enable it to pay for a feasibility study on its £60m transformation scheme But, in total, less than £2m of the £49m that the council has already received from the lottery was handed ont, to just nine applicants.

They were scrupulously chosen to reflect large and small; London and the regions; amateurs and professionals. Tiny local arts groups gained most cheques, in line with the mission of Peter Gummer, chairman of the arts lottery panel, to regenerate the buildings of small and medium sized arts ventures and thus enable them to earn more money at the hox office.

By May, when the next awards will be announced, there will be perhaps 50 beneficiaries, including some big names – most likely Sadler's Wells, which wants over £20m. This initial list aims to avoid controversy. The Ikon Gallery in Birmingham, which put in for £3.6m for a new contemporary art space, might be disappointed that it only received £100,000, but the rest is likely to come when the Arts Council is confident that the development, and the necessary matching cash, is fully in place.
The odd eyebrow may also

be raised that the first jackpot winner is the Sonth Bank. It cleverly chose Richard Rogers, deputy chairman of the Arts Council, as its architect. But Rogers' plan for a new crystal palace, a great glass roof shrouding the dreary parts of the South Bank - the Queen Elizabeth Hall and the Purcell Room - and raising the temperature of the piazza to the level of the south of imaginative millennium project that wins votes.

And, talking of attracting votes, heritage minister Stephen Dorrell, who launched the awards, praised the prime minister, who apparently insisted that the arts be a lottery beneficiary. Dorrell also confirmed that the lottery, which in time will contribute £300m a year to the arts, would not be used as an alternative to government funding, and suggested that the rules may eventually be eased so that lottery cash, currently restricted to capital projects, might be channelled into revenue producing endowment funds.

The other winners were The Place, the London dance centre; Inner Sense Percussioo Orchestra of Manchester; and Unicorn Theatre, London.

Antony Thorncroft

Bainbridge's 'Ad Ora Incerta' lexander Lazarev has suddenly found him ground. On the spot, against self to be "late of the

Concert/David Murray

Bolshoy", but at least he has the consolation of continuing as principal guest conductor of both the Royal Scottish National Orchestra and the BBC Symphony. He conducted the latter in the Royal Festival Hall on Wednesday, sharing the podium with the composer Simon Bainbridge, whose new Ad Ora Incerta -Four Orchestral Songs from Primo Levi (presented with support from Land Rover) were a BBC commission.

On those I can report only cautiously. Bainbridge wrote them on a tight schedule, which included keeping a stage-by-stage diary for Radio 3. Ad Incerta Ora ("At an uncertain hour") was intended for the inspired, unpredictabla der; but less than two months ago, she decided abruptly to retire from the concert platform. An anxious search for a soloist ensued, and eventually Christine Cairns was found: a strong, smooth mezzo with intelligence but no very striking vocal personality

Levi's poems all deriva from his Auschwitz experience. Bainbridge has taken care not to over-dramatise the word-setting, surely because he knew what the Fassbaender voice foghorn, Kraken, corncrake, but capable of tearing one's heart with suddenly limpid hrases - would add to it. Miss. Cairns is an altogether different animal, cooler and more reticent about self-expression.

The result, as we heard it in the hall, was duly sombre hut rather tame. I should hava stayed at home and listened to the radio, where the sound-engineers no doubt kept Miss

ground. On the spot, against Bainbridge's darkly weighted orchestra, ber words (delivered slowly in very English Italian) and sometimes even her voice faded almost out of hearing.

Yet the overall shape of the piece rang true. Long first and last songs, the one with a background of whirling pianissimo figuration against slow, declamatory lines for the mezzo and ber solo-bassoon partner (Kim Walker, an expert artist), the other a pol-gnant evocation of deadly concentration-camp existence and awakening humanity; the contrasted middle two songs are succinct and spare, "Il tra-monto di Fossoli" supported only on bated-breath string lines. The whole set took half an hour. All that it needed was tha carnivorous Fassbaender poems and wring them by the Lazarev's contributions to

the concert sat oddly with Bainbridge/Levi. In Rimsky-Korsakov's pretty May Night overture he wrested a vital, almost Russian attack from the BBC strings: a remarkable feat in itself, and it bit no the music beyond what we usually hear. Similar efforts in Tchaikovsky's "Manfred" Symphony, after Byron (it came midway between his Fourth and Fifth, hut we rarely meet it) elicited less. The bald fact is that "Manfred" presents a few des-perately heartfelt tunes again and again and again, without anything remotely like development: too raw to pass for a West European symphony, too sophisticated and personal to fit the Balakirev/Borodin/Rimsky model of ripe, folk-based tunes put through simple



Peter Bailie and Tom Hodgkins in David Glass's production

INTERNATIONAL

AMSTERDAM

Stedelijk Tel: (020) 5732 911 Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models: to Apr 2

BERLIN OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01 Der Fliegende Holländer: by Wagner, Conducted by Heinrich Holireiser, production by Gustav Rudolf Sellner, 7.30pm; Apr 2 L'Italiana In Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 5 Lucia di Lammermoor: by Donizetti. Conducted by Marcello

Vlotti and produced by Filippo Sanjust; 7,30pm; Apr 1, 6 • The Girl of the Golden West by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists

Include Galina Kalinina and George Fortune; 7pm; Mar 31; Apr 4 Staatsoper unter den Linden Tel: (030) 200 4762

 Der Rosenkavalier: by Strauss. Nicolas Brieger directs this new production. The sets are designed by Raimund Bauer and Donald Runnicles conducts; 6.30pm; Apr 4

LONDON

CONCERTS Barbican Tel: (0171) 638 8891 Mahler Festival Part 2: Michael Tilson Thomas conducts the London Symphony Orchestra and pianist Dame Moura Lympany to play Takemitsu, Waber and Mahler; 7.30pm; Apr 2

 Vienna Symphony Orchestra: with pianist Rudolf Buchblnder. Nikolaus Harnoncourt conducts Haydn, Mozart and Beethoven; 7.30pm; Mar 31 Royal Festival Hali Tel: (0171) 928 RROO

 Bach: St. Matthew Passion: with the Bach Choir and the English Chamber Orchestra. Sir David Willcocks conducts: 11am; Apr 2 BBC Symphony Orchestra: with mezzo-soprano Brightte Fassbaender and conductor Alexander Lazarev plays Wagner, Mahler and Shostakovich, 7.30pm; Apr 1 Grand Operatic Evening: David Coleman conducts the National Symphony Orchestra, soprano Susan McCulloch and mezzo-soprano Yvonne Howard in a variety of operatic pieces; 7.30pm;

 Rotterdam Philharmonic Orchestra: with planist Andreas Haefliger. Claus Petar Flor conducts

Beethoven, Mozart and Shostakovich, 7.30pm; Apr 3 The London Philharmonic: with soprano Amanda Roocroft. Roger Nomington conducts Mahler's "Lieder eines fahrendenden Gesellen" and "Symphony No.4"; 7.30pm; Apr 5

GALLERIES Whitechapel Gallery Tel: (0171) 522

 Kika Smith: works from the past three years by the artist; to Apr 23

New Art from Cuba: works by contemporary ertists from Cuba; to

OPERA/BALLET English National Opera Tel: (0171)

632 8300 Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Sienz; 7pm; Mar 31; Apr 5 Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Apr 4, 6 Royal Opera House Tel: (0171) 304

 Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 31 Slegfried: by Wagner. A new production directed by Richard Jones and conducted by Bernard Haitink; 5.30pm; Apr 1 (4pm), 4

LOS ANGELES

CONCERTS Dorothy Chandler Pavilion Wiggleworth'a Debut: with pianist Lars Vogt. Mark Wigglesworth conducts Beethoven's "Piano

Concerto No.2" and Shostakovich's "Symphony No.7" on his debut performance with the Los Angeles Philharmonic; 8pm; Mar 31; Apr 1, 2 (2.30pm)

■ NEW YORK CONCERTS

Avery Fisher Tel: (212) 875 5030 New York Philharmonic: with soprano Sylvia McNair, baritone Hakan Hagegard and the Westminster Symphonic Choir. Kurt Masur conducts an evening of choral music by Brahms; 8pm; Mar

 New York Philiparmonic: with planist Mitsuko Uchida. Kurt Masur conducts Beethoven'a "Piano Concerto No.2" and Shostakovich "Symphony No.5"; 8pm; Apr 5, 8

OPERA/BALLET Metropolitan Tei: (212) 362 6000 Pelleas et Mélisande: by Debussy. A new production by Jonathan Miller Conducted by James Levine; 8pm; Apr 1, 4 Tha Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine: 8pm: Apr 3 • Tosca: by Puccini; 8pm; Apr 1 (1.30pm)

4100 Harvey Milk: music by Stewart Wallace, libretto by Michael Kone. A naw production conducted by Chriatopher Keene and produced by Christopher Alden, a story about gay activism, dirty politics, murder and street riots; 8pm; Apr 4 La Traviata: by Verdi. A new

production conducted by Yves Abel

and directed by Renata Scotto.

New York City Opera Tel: (212) 307

Krovytska and Stephen Mark Brown/ Richard Drews; 8pm; Apr 1 (1.30pm), 6

Scloists include Janice Hall/Oksana

PARIS

CONCERTS Châtelet Tel: (1) 40 28 28 40 Weiner Symphoniker: Nikolaus Hamoncourt conducts Haydn and Beethoven; 8pm; Apr 1

GALLERIES Centre George Pompidou Tel: (1) 42 77 12 33 Brassai: works by the French photographer; to Apr 3 (Not Sun)

OPERA/BALLET Châtelet Tel: (1) 40 28 28 40 Peter Grimes: by Britten. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Apr

2 (5pm), 4 Opéra National de Paris, Bastille Tel: (1) 47 42 57 50 Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra of the Paris National Opera; 7.30pm; Apr 5 The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël; 7.30pm; Mar 31; Apr 4 (3pm)

VIENNA CONCERTS

Gesellschaft der Musikfreunde Tel:

(1) 505 1363 Weiner Symphoniker: Sir Georg Solti conducts Kodály, Bartok, Weiner Berlioz and Beethoven;

3.30pm; Apr 1, 2 (11am)

CONCERTS Kennedy Center Tel: (202) 467

■ WASHINGTON

 National Symphony Orchestra: with pianist Barbara Nissman. Barbara Yahr conducts Kemis. 8.30pm; Mar 31 (1.30pm); Apr 1, 4

 National Symphony Orchestra: Elizabeth Schulze conducts Berlioz'e "Symphonia Fantastique"; 8.30pm;

 Royal Concertgebouw Orchestra: with planist Marie Joac Pires. Riccardo Chailly conducts Berg, Beethoven, Stravinsky and Prokofiev: 8.30pm; Mar 31

OPERA/BALLET Washington Opera Tel: (202) 416

Carmen: by Bizet. A new

production with Denyce Graves in the title role. Ann-Margret Pettersson directs a production by Lennart Mörk, Conductor Cal Stewart Kellogg. In French with English surtitles; 8pm; Apr 1 (7pm), 4 Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 31; Apr 3 (7pm)

Kennedy Center Tel: (202) 467

● Laughter on the 23rd Floor: Neil Simon's play set in the 1950's heyday of television comedy; 7.30pm; from Apr 1 to Apr 23 (not

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Financial Times Business Tonight

Midnight Financial Times Business Tonight

he Czech Republic a pioneer among former communist countries in selling off stateowned industries, is running into unexpected opposition to plans to privatise its remaining industrial assets.

The country's mass privatisation programme has turned millions of Czechs into shareholders, and 80 per cent of gross domestic product is now generated by the private sec-

But controversy has erupted over the government's plans to sell stakes in the state telephone company and the country's two oil refineries to for-

The controversy has arisen because the government has come to the end of the programme of selling off state assets to the public in return for vouchers bought for a nominal sum. Two waves of mass privatisation ended on March 1 when the shares in the second wave became tradeable on the Prague stock exchange

But although the state is still a big shareholder in important sectors of Czech industry, a third wave is unlikely. Some of the industries that remain in state ownership, such as min-ing and steel, are heavily producing goods for which there is little demand. Others, such as telecoms end petrochemicals, need large amounts of capital for modernisation and voucher privatisation does not directly bring in new money. For these reasons, the government is adopting more orthodox methods of selling off the stakes though public share offerings and direct sales of

enterprises to single investors. "From now on Czech privatisation will resemble what we know as privatisation in developed countries," says Mr Zde-nek Bakala, chairman of Patria Finance, a Prague investment

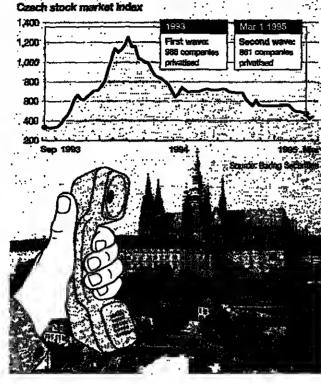
Two large privatisations on more conventional lines are now under way. One is the sale of a 27 per cent stake in SPT Telecom, the state telephone operator, where the govern-ment is seeking a foreign partner to modernise the system. The other is the sale of a stake in the country's two oil refineries, where the government is negotiating with a consortium of four western oil companies on a \$700m investment.

The sale of SPT shares could fetch up to \$1bn, making it potentially one of the biggest privatisations in the region. But Czech companies have been excluded from the bidding because the government

Opposition is growing to more foreign involvement in Czech privatisation, says Vincent Boland

Different line in asset sales

Czech privatisation: controversial



maintains they could not afford the asking price. Nor would they bring the benefits of new technology, which SPT adly needs.

Although the state will retain a majority shareholding for at least five years, manage ment control of SPT is to be handed over to the new inves-tor - the cause of much of the opposition to tha sale. Many Czechs argue that the country has adequate resources to finance the development of

There is similar opposition to ceding control of the oil refining industry to foreign investors. Negotiations on the deal which have dragged on for three years, have been complicated by a rival offer from Chemapol, the importer of Russian supplies to the Czech Republic. The government has turned down the offer, saying it is uncertain whether Chemapol has the finances - but the offer is still on the table.

Paradoxically, it is the success of the vouchers-for-shares programme that is behind much of the opposition to the sales. Completed almost without a hitch, it was for many Czechs the equivalent of a spell "in the business school of life". says Mr Nigel Williams, chairman of Creditanstalt Investment Company, a Prague fund manager. After graduating successfully, many believe the country now has the resources and expertise to restructure economy without outside

This argument dates from Air France's ill-fated purchase of a stake in Czechoslovak Airlines in 1992. The French airline backed out of the deal last year after discovering what it said was a hole in the Czech carrier's finances. The government, angry that one of its first deals with a high-profile foreign investor was coming unstuck, bought back the Air France stake last year, and the airline is looking again at partnership options.

The investment in Skods Anto by Volkswagen has encouraged further doubts about foreign involvement. The German carmaker has scaled down its original investment plans for the Czech company (though if Skoda had remained independent, the future would have been in doubt for a company which accounts for tens of thousands of jobs and generates between 3 per cent and 5 per cent of industrial production).

This sentiment has not been helped by the fall in the Prague stock market. Foreign portfolio investors who benefited from soaring share prices in the early days after privatisation pulled out when the market turned down. This has left domestic private and institutional investors disillusioned with stock market volatility and fed calls for the remaining The debate at its sharpest touches on the issue of who should control key industries. Mr Bakala of Patria Finance

espite such concerns, the govern ment remains committed privatisation. It believes that foreign investment is essential given the shortage of domestic capital. And it stresses the advantages of a foreign partner for SPT, for example, by highlighting the technological ben-

believes control "is something

valued over financial return in

The government has done a very good job of making clear to both domestic and foreign investors that capital knows no discrimination," says Mr Daniel Arbess, a partner in the Prague office of White & Case, the US law firm, and head of the firm's global privatisation unit. Ministers, he believes, consider investment decisions in terms of what they will bring to an industry to help it

survive in the market. There is no firm timetable for further sales, in contrast to the meticulously planned voucher programme. And apart from what is already in the pipeline, there is unlikely to be much progress before next year's election.

It is clear, however, that future privatisations will involve more difficult choices than in the voucher programme and that they will have wide implications for restructuring the economy, That process will be painful, but it is a necessary next step.

Philip Stephens

In wondrous disbelief



appointment and suffering. Starting from there, be has a lot going for him. Suppose, as secret theory. do most of his colleagues, that The Prince of the government loses the next Wales is not election. The history books will alone in his fasnot blame him for bringing to cination with religions of the an end 17 years of uninterrupted Conservative rule; nor east. The heir for the blood-letting which, inevitably, will follow. spiritual sureness of Islam. No. defeat, rightly, will be

seismic shift in

the political

landscape

before the elec-

Mr Major's

determination

to stay sud-

explicable.

Whether he has

that option is

not quite as

certain. Those

John Major has discovered the self-awakening of Buddhism. attributed to the fault line over Europe, to the bitterness left I have to confess my evidence is circumstantial. There by the demise of his predecesare no statuettes of the sor, and to sheer exhaustion. Enlightened One alongside the History may record also that amid this chaos an unpreposwell-thumbed volumes of Wissessing but decent prime minden and Trolloge in Downing Street's inner sanctums. But ister stretched every sinew to the prime minister's demean-our, it seems to me, is inexplibring to a close 25 years of killing in Northern Ireland. It might turn out even better. cable except in terms of mysti-There must always be a small cal enlightenment.

Around him rage the feuds of a party bent on self-destruction. The corridors of the House of Commons overflow with plotters and cabals. Ministers routinely denigrate ideological enemies who sit just feet away across the cabinet table. The has-beens and neverwill-bes on the Tory backenches scour for recruits to the anti-Major cause. The report of the Scott

inquiry looms. Whatever the outcome of the latest furore about Jonathan Aitken's past connections with the arms trade, Lord Justice Scott's separate examination of weapons sales to Iraq threatens a grievous blow. The cabinet careers of Sir Nicholas Lyell and William Waldegrave hang by the thinnest of threads. All the while, Michael Heseltine stands loyally, expectantly, in the wings.

And the prime minister? He smiles. He will fight on. He has work to do before an election which will come no earlier than the spring of 1997. Those who know him better than I say he remains prone to bouts of depression. Protracted weekend telephone conversations with a small circle of friends have long provided an emo-

tional safety-valve. But the brittleness has gone, The smiles at the Commons despatch box are genuine. The paranoia about the press has dissipated. Mr Major behaves as one who has come to terms with the first of the four noble truths of the Buddha: life, fundamentally, is disble society".

thoughts. But commentators who once worshipped at the feet of Mrs Thatcher now heap praise upon the devoutly Christian Mr Blair as he purges his party of original sin. The Labour leader is courageous, and tough. The scrap-

sane centre left.

chance, no more than that, of a Major behaves as accompaniad by brave naw policies. Too

the first of the four noble truths of the Buddha: life, basically, is disappointment and suffering

Conservatives who think about these things know that another leadership battle would deliver a mortal blow to the party. Mr Heseltine would win but a first round contest which included Kenneth Clarke and Michael Portillo would turn the European fault-line into a unbridgeable chasm. Commonsense, though, is scarce among Conservatives these days and terror is an unpredictable emotion.

The spectacle is viewed by the Lahour party, or New Labour as Tony Blair would have it, with wondrous disbelief and eager anticipation. This time, the party's front hench team is telling itself, those ministerial boxes cannot slip from our grasp. Mr Blair strikes out with andacious forays into enemy territory. The problem with the market is no longer that it exists, but that is not dynamic enough. The problem with society is that there has been too much emphasis on politically-correct rights, not enough on old-fashioned duties. As for the family, it is foundation of a strong and sta-

It works. Some of us find nothing startling in such

ping of Clause IV was a brilliant manoeuvre. He is sticking to a strategy worked out before he won tha leadership. He understood then that a framework of principles to replace the ideological baggage of state socialism was essential to reposition Labour as a party of the

The bold new principles, however, have

one reconciled to many would-be ministers are trapped by the reflexes opposition. Thay hava learnt, often painfully, to

accommodata the present. They are timid about the

of

We know that, within a few months or so, Labour will abandon its hostility towards trust hospitals and grant-maintained schools. There is precious little sign, however, of a clear vision of the shape of the education and health services five or 10 years bence. Fear of misrepresentation or, worse, of being caught out, has stifled imagination. Mr Blair once said that the principal task of the first Labour administration since the 1970s would be to demonstrate the party was. competent to govern. Competence requires a certain precision of ambition.

Colleagues insist Mr Blair understands this; tha same assurance is not given of many who would sit around his cabinet table. And there is another, bigger, issue from which he retreats: Labour's relationship with the Liberal Democrats. Slowly but surely Paddy Ashdown is confronting his

small party with reality. Some

perfectly obvious, in Mr Blair's of its more parochial support-words, that it is "the essential ers still delude themselves that the Liberal Democrats can remain equi-distant from Conservatives and Labour. The majority understand that the notion of sustaining the Tories

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in office is risible. The logic is underpinned by some recent private polling. Conventional wisdom has it that support for the third party drains away once it is seen as the agent of a Labour victory. That happened in 1992. Now though, the pollsters are telling the Liberal Democrats that it is identification with the Conservatives which now inflicts the damage.

Mr Ashdown cannot be seen too obviously as a supplicant at Labour's door. But come the autumn, he will signal clearly his party's willingness to do business with Mr Blair, perhaps before an alection, and certainly afterwards.

The obvious temptation for Labour is to dismiss the overtures. The electorata seems intent on delivering the prize of government without Mr. Ashdown'a help. Why, after so long in the wilderness, should it be shared? The shadow cabinet anyway is divided on electoral reform - the price of any pact with the Liberal Democrats. Mr Blair says he will stand by a commitment to a referendum on the voting sys tem. But he professes distaste for the idea of swapping the acknowledged flaws of firstpast-the-post for a mechanism which would deliver disproportionate power to a third party. He should think again. The

essence of Mr Blair's message these last nine months has been that Labour has broken free of its class-based past. It is no longer interested in defending concentrations of power among producers or in central ised decision-making. It wants to devolve. There is no magic in proportional voting. But once you have travelled as far as Mr Blair has along the road to pluralist politics, sharing power at Westminster becomes part of the logic.

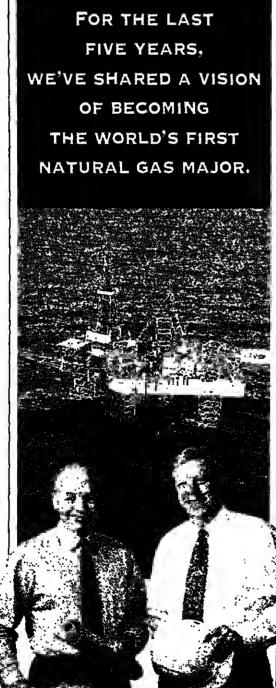
There is one other, small consideration. The Liberal Democrats might offer Mr Blair a prize much bigger than the single election victory now within his grasp: Mr Ashdown could guarantee him 10 years in Downing Street.

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THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'): : : Translation may be available for letters written in the main international languages:

Allow Russia to form its own democracy

From Mr Jakob Modéer. Sir, Mr Boyko's political turnround, away from demo-cratic ideals, should not have surprised anyone. Having achieved a position of power in the new Russian society, many new capitalists turn conserva-tive as their first priority becomes the protection of their own privileges. Afraid of bandits, however electad, as Chrystia Freeland correctly observes in "Reform to a point" (March 25), the nouveaux riches have become a serious threat to any western concept of democracy. Yet it would be wrong to argue that Russia should adopt a western style of democracy, as Russia is not entirely western by tradition. A western democracy will mevitably clash with tradi-tional Russian social structures and culture.

Russia should be allowed to form its own version of democracy, though this may include stretching the general concept of a liberal democracy. To adopt western democracy without reservations will only open the road for conservative capitalists, ultra-nationalists and ex-communists, all with monopolistic and centralising tendencies, which will most certainly mean the end of Russia's second attempt this century to build a democratic

political system. Jakob Modéer, 11 Petiofi Street, 4000 Ploodiv. Bulgaria

Film subsidies tax patience

From Jonathan Richardson. Sir, You report French opposition to the threat Hollywood poses to its film industry. You also report on massive aubsidies to Cfedit Lyonnais caused by ill-judged lending and investments, including the purchase of troubled MGM. is the French taxpayer sub-sidising Hollywood more or less than he/she is subsidising the French film industry? Jonathan Richardson. 4 Rue Gachard,

European culture needs film quotas

"Brussels agrees deal to tighten film and TV quotas" (March 23), I offer a different interpretation.

This proposal has to go through a decision procedure, a second reading in the European parliament and conciliation between three institutiona: the European Commission, the European parliament and the Council of Ministers. The text at present cannot be considered European

Community policy.

As the European parliament's rapporteur on the first directive, in 1989, I know the difficulties faced by the German government in negotia-

From Mr Roberto Barzanti, ting a matter over which the be dealt with like other goods.

MEP.

Sir, Following the article problem was solved by giving production and distribution are Germany time to consult its regional government. The Karlsruhe Court has said that the Länder were not given sufficient time to consider: this is an eminently political judgment. The German government must react accordingly.

That does not mean common European action is inappropriate or prohibited. Audiovisual works, as well as cultural goods, need specific consideration within international commercial agreements, as recog-nised by Gatt. Quotas are said by some to be protectionist, but the survival of European culture and the way of life requires such work. It cannot

Co-ordinated strategies of production and distribution are needed to encourage the European audiovisual industry. The directive on television without frontiers is the key. The requirement that 51 per cent of the material shown by European television channels is of European origin will correct a distorted market.

The new proposal does not go far enough. I hope the European parliament will promote European works further, support independent producers and ensure protection of young people. Roberto Barzanti,

97-113 rue Belliard. 1047 Brussels.

Feelgood index should include tourist rates Since relatively less personal

From Mr Peter Fiddick.
Sir, Edward Collier's suggestion (Letters, March 21) for the creation of a UK Feel Good Index, the FG100, to add scientific underpinning to journalis-tic and political comment is timely and deserves support. Since it would endeavour to measure the sum of individual

psychologies, I suggest for inclusion in it a weighted basket of tourist currency exchange rates, a matter which has received curiously little attention, even from personal finance or travel editors, in the

travel involves Germany, the D-Mark might be under-repre-sented in such a calculation, which at DM2.15 to the pound, according to Ceefax as I write. is probably just as well, while the US dollar (1.58) looks man-ageabla and the lira at 2,695 makes Italy look a historical

The French franc, however, which was bad enough at 7.9 last summer and had improved to the 8.2 range before Christmas, today languishes at a scarcely bearable 7.58. As one of the thousands now

preparing for Easter ferry crossings booked around January, this component of my personal Feel Good Index is therefore currently -0.6.

If your readers chip in, we

might just get Mr Collier's index going in time for the first FG100 Tracker unit trust Pep to be launched before April 5. One must doubt, however. whether even Barings would see a futures market in it. Peter Fiddick, 15 Haverfield Gardens, Kew, Richmond, Surrey TW9 3DB, UK

Overregulation may be worse than market failure

From The Hon Phillip

Sir, Peter Ingram may be correct in asserting that "regulation often exists to prevent market failure" (Letters, March

The problem is that heavy-handed overregulation by politicians and bureaucrats all too often produces even greater failures than markets. Labour market regulation is a good case in point. There

has, in fact, been relatively littie recent growth in casual or temporary work contracts in The proportion of the work-

force on such contracts stands at 6 per cent - only slightly more than in the 1970s. More to the point, this represents a lower proportion than in the broad, with many new jobs

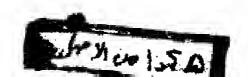
more regulated EU as a whole (11 per cent) and far lower than in highly regulated, socialist Spain (33 per cent).

So attempts to remedy "mar-ket failure" through regulation seem, perversely, to have created less employment security. One possible reason is that employers too often simply cannot afford to employ people within the overregulated system, and have to opt out by

casualising staff. As far as Mr Ingram's assertion that deregulation has created low-wage jobs, the recent independent Employment Policy Institute report questions "the popular stereotype which portrays new jobs as only low paid 'McJobs'", aaying that "the spread of jobs has been higher paid". Labour market and other reforms since 1979 have massively boosted British productivity, helping to close the gap which had opened with our main competitors, but also sus-tainably boosting pay at all

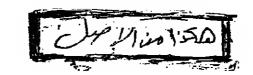
The real take-home pay of a single man in the bottom 10 per cent of earnings has increased by 23 per cent since 1979. During the late 1970s, when productivity and real pay stagnated, tha same group suffered a fall of 1 per cent. Phillip Oppenheim under secretary of state, Department of Employment,

Carton House Tothill Street London SW1H 9NF.



Irelies

Brussels



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FINANCIAL TIMES

Cuts from the Bundesbank

It is always dangerous to underestimate the Bundesbank's capacity for surprising the markets, as yesterday's cuts in both the discount rate and the repo rate demonstrated ouce again. Recent official statements admittedly pointed to growing concern about the impact of a strong D-mark on competitiveness. Yet the possibility of a cut in headline rates was being canvassed only by a minority of forecasters. while few foresaw monetary easing on this scale. Do such tactics pose a risk to the Bundesbank's credibility?

Almost certainly not. For a start, a full half-point cut in the discount rate to 4 per ceot.
together with a sizeable cut in the repo rate from 4.85 per cent to 4.5 per cent, appears to send a clear signal that the Bundesbank intends this to be the bottom of the interest rate cycle. Compared with a discount rate of 2.5 per cent achieved in late 1987, this falls a long way short of laxity. Moreover, decisive action on interest rates amounts to a more positive assertion of control than allowing currency markets to dictate policy. More importantly, domestic conditions provide ample justification for the moves.

The Bundesbank continues to pay attention, albeit on a prag-matic basis, to the money aggregates; and monetary growth has been decelerating for some time. raising the possibility that the monetary target for the year will be undershot. Bank lending activlty is anaemic, while consumer and business surveys tell a story of poor or waning confidence.

The unexpected growth of the economy last year owed a great deal to exports. The recent appreciation of the D-mark, combined with rising wage settlements, will thus have a powerful restraining impact on growth this year. The Bundesbank appears to believe that the economy is more fragile than has been generally appreci-ated. On past form its judgment must command respect.

External considerations rarely colour the Bundesbank's deliberations on interest rates. But yesterday's cuts will be a source of relief across Europe and are helpfully timed in relation to the presiden tial election in France Whether the relief proves substantial or durable is another matter. The flight into the D-mark is more a reflection of the political and fiscal problems of the rest of Europe. Germany. On any objective yardstick the D-mark is overvalued.

As for the dollar, it is tempting to conclude that if the bottom of the German interest cycle has been reached, yesterday's move ought to mark some kind of turning point. Yet structural rather than cyclical factors provide much of the explanation for the dollar's continuing ability to confound those who have forecast one elusive rebound after another. Indeed, one interpretation of the Bundeshank's cuts might precisely be that it has concluded that D-mark strength will not be reversed in a hurry. Either way, the Bundesbank's move looks well justified from its own domestic

Talking tough

Customers of the UK's privatised utilities are doing well out of the blowtorch of political pressure turned on the industries. Yesterday North West Water said that it would pay customers rebates of £6.50, as well as giving sharehold ers higher dividends, as a result of efficiency improvements.

Ms Clare Spottiswoode, the gas regulator, said that regulators were under growing political pres-sure to be tough, particularly after tha electricity regulator's announcement last month that the terms of last August's price review might be tightened in response to public concern. But the risk now is that these moves are blurring the basis of tha regulatory system in a manner Which is not to customers' long-term

North West's move is a response to public concern about the rise in utilities' profits, dividends and directors' salaries since privatisation. Directors no doubt also had m mind the Labour party's interest in a windfall tax on profits.

The company's action does not mean that last summer's weter price review took too relaxed a view of efficiency gains. Ofwat, the water regulator, yesterday struck the right cool note in asking whether companies paying out rebates and higher dividends could still carry out the capital expenditure to which they are committed.

Since the 1989 privatisation, companies have spent £12bn in 1994 prices on upgrading decayed infrastructure and on meeting environmental ohligations imposed by Brussels, In the next 10 years they will spend £24bn. Much of that has been passed on to customers through their bills, pushing np prices above the rate of inflation and making water one of the least popular privatisations.

Mr Ian Byatt, Ofwat's directorgeneral, is right to hold that, as companies argued for higher prices to fund this programme, that should take priority over dividends or rebates. However, in also welcoming the customer rebates, he enters murky waters. He has, rightly, been concerned about steep rises in customers' bills; the terms of privatisation tilted the henefits too far in shareholders' direction at customers' expense.

However, in general, it is for the regulator to redress that balance hy setting prices at the fixed-term reviews. If utilities are required to act benevolently towards customers, instead of simply maximising shareholder returns, the implications for regulation are unclear. Will regulators treat companies which have been generous to cus-tomers more leniently than those which have not? If such companies run short of mooey, will they be allowed higher prices, or be told to form to their shareholders?

Tough talk by regulators is welcome, hut as the political beat rises, regulators need to take care to keep the framework clear and predictable. That is the only way in which it will encourage compa nies to become more efficient. In the long run, that is the path which will most help customers.

Fish wars

There is no ohvious reason why deep sea fishing, a thoroughly unpleasant business carried out in appalling conditions, should arouse quite so much nationalistic fury. Most of the year round, the fishermen are taken for granted by the consumers who devour the fish they catch. Yet when so-called "fish wars" break out - off Iceland, in the Bay of Biscay, and now off the shares of Newfoundland, to name but a few - good sense seems to be chandoned. There is no right and wrong, only

them and us.

That is how the latest dispute. between Canada and Spain, is being conducted - not just in those countries, but in Britain, too. The Spanish fishermen are accused of being cavalier cheats, with hidden holds and illegal nets. Canada has twice cut trawlers' nets outside its territorial waters without apparent regard for the safety of the sailors. Spain has despatched two warships to the north west Atlantic. Canada is accused of piracy. The European Ution mutters about sanctions.

The British government is right to seek to calm the war of words and threatened actions, aven if it is on its own in Brussels. Sanctions will not achieve a sensibla international solution to the problem of fish conservation, which the fishermen want on both sides.

Negotiations are under way in Brussels between the Canadians and the European Union, and there are some signs of progress. What is needed is agreement on the appropriate conservation measures for the stocks of Greenland balibut in the north west Atlantic. including fair quotas for both Canada and Spain; and agreement on effective enforcement measures which both sides will trust.

Last autumn, the 15 members of the Northwest Atlantic Fisheries Organisation (Nafo) agreed to set e total catch of 27,000 tonnes for 1995, compared with the 60,000 tonnes of the halibut landed in 1994, of which Spanish boats caught about 40,000 tonnes. But they failed to agree on the quotas. which makes the overall conservation figure pretty meaningless.

The key to the whole process is creating a climate of trust, so that both sides believe the other is sticking to the rules. Progress is being made in Brussels oo measures to police a new quota system: the EU has proposed satellite monitoring, and the Canadians hava proposed putting e Nafo inspector on every trawler. Both will be expensive, but that may be

the price of peace. Now it is up to the negotiators to agree on new quotas. Neither side will belp the process if they continue to wage war on the high seas. There is some justice to the EU case that its boats have traditionally caught three-quarters of the total catch, and should be allowed to continue. There is also undoubtedly justice to the Canadian complaint that some Spanish fishermen are cheating all fishermen do so, if they can get away with it. Both sides need to compromise. Talk of sanctions will not

help them do so.

be past weak will be remembered as one of Algeria's bloodiest. A flerce clash in the mountains of Am Defla. 150km west of Algiers, is understood to have left hundreds of Islamist militants and an unknown number of government forces dead. Reports of the incident vary widely. So do estimates of the numbers of casualties. But the army-backed

government, which usually keeps a tight rein on security reports, has done nothing to prevent the local press from portraying the incident as a significant military victory for the government.

A well-publicised victory against the Islamists is exactly what the Algiers government needs after three years of war. The authorities hope the publicity will lend credibility to the campaign to crush militant forces in advance of presidential elections - which will exclude Islamist candidates - by the end of

Such military manoeuvres, however, are unlikely to bring the country closer to peace. Nor will they stamp out the appeal of the Islamist

This week's military operation is the latest in a series of crackdowns by Algeria's hardline generals since they decided last November to crush the fundamentalists with

Their decision followed a halfhearted attempt at dialogue last year with the Islamic Salvation Front (FIS), the Islamist party which was poised to win legislative elections in 1992. It was the governmeut's move to cancel these elections which led many FIS supporters to take up arms under the banner of the Islamic Salvation Army and other more extreme groups in a struggle that has since claimed more than 30,000 lives.

At the same time as implement ing the crackdown, government officials have launched a concerted campaign to demonise the Islamist movement in the eyes of Algerians and the west.

Part of this campaign was an organised visit by foreign journalists to Algiers earlier this month, under beavy government protection. This was intended to provide a glimpse of the atrocities perpetrated by the Armed Islamic Group (GIA), the most extreme Islamist faction. Mr Abderrahamne Meziane-

Cherif, the interior minister, claimed that the Islamists consisted of a few hundred men imported from the Afghan war and controlled by an international fundamentalist organisation based in London.

He ended the meeting hy handing out briefcases, each containing an 18-page "photo alhum" crammed with pictures of hideously mutilated bodies. These images were meant to prove, in Mr Meziane-Cherif's

Extreme actions in a savage war

The path to peace in Algeria looks as tortuous as ever after a new spate of killings, says Roula Khalaf

words, that the Islamists "are not constituted like groups which have a political agenda and are capabla of negotiating".

There is no doubt that the GIA's savagery, which is often targeted at women, intellectuals and foreigners, has terrorised the population and sullied Algeria's Islamist cause. FIS leaders even insist that the organisation - which is known to have been infiltrated by security forces is a government creation run amok. But the violence gripping Algiers has won the government faw friends. Many Algerians assert in private that responsibility for receot killings rests with the authorities as much as the GIA. regardless of the killers' identity. They attribute the rise of Islamic extremism to what they see as decades of misrule and economic mismanagement, and the rise of violence to the cancelled 1992 elections. They say the killings of Islamists frequently go unreported and point out that fundamentalism appeals in particular to the 60 per cent of the population which is under 25, half of whom are unemployed.

The path to a durable peace will be difficult to follow because of the complications which riddle Algeria's political map.

For one thing, the leadership of the army - which has controlled the country since independence in 1962 - is divided into three groups. The first two are the eradicators, bent on a military solution to the present crisis, and the conciliators, who want a political solution.

The third grouping consists of

those generals who, along with their civilian henchmen, hold tha economic keys to power. This group wants above all to perpetuate its reign, and shifts its allegiance depending on the circumstances.

On the other side, the FIS is in disarray. Its two leading representatives, Mr Abassi Madani and Mr Ali Benhadi, were released from jail last year and placed under house arrest. Last month they were separated and taken to unknown locations. The silencing of the FIS leadership has served only to radicalise the movement and raise the profile of armed groups such as the Islamic



Faces of Algeria: (clockwise from top right) Islamist fundamentalists before the cancellation of the 1992 elections; Ali Djeddi of the FIS; President Liamine Zeroual; and Abdelhamid Mehri of the FLN

the population, Algeria's "silent majority" is by no means united in its political views. Many fear the Islamic threat to their modern lifestyle, secular values and freedom of expression. Many others, however, support the Islamist movement but no longer dare say so.

But Algerians do seem united on two fronts: hope for an end to the violence; and contempt for the authorities, which many feel have Salvation Army (AIS).

Caught in the middle is the rest of attempting to steal their future.

lt remains difficult to predict what the future holds in store, The first - and most alarming - of several possibilities is a continuation of the present situation, culminating, perhaps in a split in the army leadership. Many fear this could lead. eventually to an Islamist takeover or an all-out civil war.

Algerian experts and western diplomats say the power of the Islamists to lure new recruits to the cause remains undiminished and waste any more time, we will only renders the pursuit of an exclu-find armed groups around."

sively military solution futile. They point out that the military approach on which the government appears to be engaged does nothing to address the ills which led the young to take up arms in the first place, or the fact that Islamists were robbed of an electoral victory achieved

through democratic means. "If you have an illness, you need to attack it - this is the role of the army," says one expert on Algerian affairs. "But you also need to treat it and remove its cause and for this you need a political solution.

eeds of a political solution can be found in the national contract signed in Rome in January by Algeria's largest political parties, the Front da Liberation National (FLN), the former ruling party, the Front des Forces Socialistes (FFS), and the FIS. This committed the FIS to principles of democracy and called for negotiations with the government on ending the violence ahead of preparations for free elections in which Islamist parties would participate.

There is no assurance that the FIS will be able to persuade the militants to put down their arms. But as Mr Ali Djeddi, a member of the FIS consultative council, said "We are ready to assume this responsibility because the solution must he hetween the parties involved in the struggle.

The Rome agreement put Algiers on the spot and produced an angry government rejection. Since then, President Liamine Zeroual has stepped up efforts to pursue his efforts to hold presidential elections excluding the FIS - by the end of this year. Opposition parties consider this a ludicrous stunt aimed at legitimising an illegal government and officially removing the FIS from the political arena.

"There is not a single condition for a free election," says Mr Abdel-hamid Mehri, secretary general of the FLN, "but there are all the conditions for a manipulated election." In spite of such misgivings, the oppositioo parties are not ruling out participation in possible presidential elections, because they hope that conciliators within the regime may regain the upper hand.

They hope that the Rome declara-tion and the plans for presidential elections can form the basis of a negotiated solution. As Mr Djeddi of the FIS says: "No one has spoken of boycott of the elections.

Unlike government officials, oppo-sition leaders are convinced that only a political solution can bring lasting peace to Algeria, "We know we cannot fight forever, we have to sit down and talk," says Mr Djeddi. "We have already lost three years," says the FLN's Mr Mehrl. "If we

The superhighway and other myths



a useful metaphor for high-capacity networks carrying digital information PERSONAL of every kind. But

the phrase bas become shorthand for a range of ill-defined, largely mythical, interactiva services. Because of this, people have formed the misguided impression that all communications will soon be online, that networks and services will come as a single

If there is a common thread in developments in the information industries over the past 15 years, it has been the erosion of monopolies and the enlargement of choice. Digitisation and competition have multiplied the number of ways of receiving, exchanging and using information and entertainment, and will continue to do so. The effect of new networks and services will be to expand choice further and not to funnel it down one route. The days of single delivery mechanisms are

It is self-evident that demand for only when this is as convenient as the different services which net other methods.

The commercial significance of cialised. There are big benefits for the Internet is not that it provides designers, doctors and advertisers access to vast stores of information, in being able to exchange visual "information super- the different services which net- other methods. highway" was once works can deliver will vary enormously. It is therefore absurd to lump them together as if their success were preordained. Nor will networks take over the

world. They have big advantages in transmitting large volumes of data quickly and in facilitating exchanges of information and transactions. But local devices are sometimes more appropriate. This explains why the most suc-

cessful multimedia product to date has been the CD-Rom, a digital storage device. An estimated 17m computers with CD drives were sold in 1994. The product shows every sign of becoming the standard platform for many information and learning applications, not least because it is much easier to use than most online services.

In the same way, video CDs will be a bigger challenge to video recorders than movies over telephone lines. Durable digital recordings of favourite programmes will be attractive to many consumers. Some may choose to download material from online sources - but

kets for online publishing are expanding rapidly is also misconceived. What is expanding is the availability of information and ways of accessing it - that is to say supply rather than demand. The markets for high-value information remain highly concentrated. Not

The notion that markets for online publishing are expanding rapidly is misconceived

many consumers are prepared to spend much on it, whatever form it

Networks add most value in two ways: when they deliver highly spe-cific, urgent information that cousumers need immediately to make decisions; and when they fulfil transactions such as financial trades. Most online information cenerates modest revenues.

but that it makes possible new kinds of transaction. It offers a universal, low-cost means of communicating with others, through e-mail and electronic bulletin boards, and direct contact between buyers and sellers. In this it mirrors the big growth areas in networked computing generally: namely, collaborative working and electronic commerce.

New ways of sharing and exchanging information between colleagues and trading partners are already transforming the structure and productivity of many organisations and creating new distribution channels. Online services - and particularly the Internet - are enabling some of these to develop. Transactional rather than publishing applications are fuelling their growth. It is also wrong-beaded to view

desktop video-conferencing as the natural evolution of the husiness telephone call. The digitisation and transportability of video, with its unique ability to illustrate and explain, will find many new applications. But most of these will be spe-

information remotely

Live video-conferencing can simulate certain kinds of meeting effectively and is growing fast. But it will not become ubiquitous. It has little relevance to most business calls, particularly between colleagues who know each other well More useful and affordable are conference calls, which combine speech with shared software and information, including stored video.

Networked multimedia is permitting the development of new ways of working, learning, buying and selling. But it is not the yellow hrick road to the future. Understanding how markets are evolving means considering how specific combinations of technology and applications could benefit specific groups of customers.

Kieran Levis

The author is principal of Cortona Consulting, a firm specialising in

OBSERVER

Duty-free traveller

■ Travelling round the European Union in the post-Schengen world where no passports are required between seveo member states, not including the UK - is a weird and wonderful experience, as Pierre Lellouche, foreign policy and defence adviser to Jacques Chirac froot runner for the French presidency, discovered yesterday. Lellouche decided to test the

Schengen arrangement when taking a flight from Paris to London. He arrived for his Air France flight without his passport, armed only with his identification card as a member of the French national assembly. Horrors! Air France phoned

London, and was told that no way would he be allowed into Britain without a proper passport. Lellouche then pulled a few strings. He called the French ambassador in London; the UK ambassador in Paris; and his personal contact in the office of Douglas Hurd, the UK foreign secretary. He also arranged for copies of his diplomatic passport to be faxed to Heathrow. The Air France pilot agreed to let him on board. in London, the airline's station manager presented him with all the copies of his documents. At passport control Lellouche

confessed his crime, and offered his

national assembly card. Whereupon

he was waved through with a smile,

and all his efforts to drop names and present faxed documents were blithely ignored. Maybe the UK has really joined Schengen - and nobody told it?

Nuclear reaction Trying to make Chernobyl look good would be a challenge for any PR flak. But they're giving it a try

in Kiev. The Chernobyl nuclear power station this week opened an information centre and representative office in the Ukrainian capital, about 100km from the stricken plant, site of the world's worst nuclear accident (so far) in 1986. Ukraine's neighbours.

and particularly the European

Union, want the plant closed. The new centre says it aims to dispel prejudices which people have against Chernobyl, to dissipate ungrounded fears, to show that the main objective of Ukrainian nuclear personnel is constant enhancement of the safety of Chernobyl Nuclear Power Station". Ever tried pushing peas uphill with your nose?

Yo heave ho

■ The EU fisheries directorate should perhaps have known better than to mess with a man who began his working life as a disc jockey and radio show host.

Brian Tobin, Canada's fisheries minister, may not get all he wants et the negotiating table to conserve the oorth west Atlantic fishery. But his nose for a punchy sound bite and a telling TV image has undoubtedly helped Ottawa win the battle for public opinion on both sides of the Atlantic.

Tobin's grandest gesture was to put the huge nets from the seized Spanish trawler Estai on display to the media at the UN in New York earlier this week. The \$35,000 cost of trucking the nets from Newfoundland was a small price to pay for all the news coverage it got.

Now he'a airlifting 1,500 Canadian

flags to Britain's fishermen.

Tobin, 40, demonstrated agile press-manipulation akills early in his career. As an aida to the Liberal leader in his native Newfoundland. he once handed out a confidential police report to local newspapers on a suspicious fire at a Conservative cabinet minister's home.

The fish war has obviously done no harm to Tobin's political career. Dismissed in the 1980s as a backbench loud mouth, he is now, in the words of Canada's Globe and Mail newspaper, nationally lauded as "the hero of Newfoundland and the scourge of the Spanish fleet".

Raised Seitz

Ray Seitz, former US ambassador to Britain, has gone native - well almost. Having quit the US Foreign Service in mid-1994, his decision to stay on in London seems to have been driven by concern for the

future happiness of Scarlett, his labrador, and Chloe, his golden retriever. If he had left and wanted to return, the poor brutes would have had to sit in quarantine for months. No wonder Seltz is so popular with Brits.

Now he has got a job in the City as a senior managing director at the 144-year-old Lehman Brothers. One of the US's closest approximations to a blue-blooded English merchant bank, it employs Sir Paul Newall, former Lord Mayor of London. Lehman is having to run hard to stay up with the big boys and has been laying off expensive staff. Hence it will be expecting to get value for money from Seitz, who sports a heavy clutch of big non-executive directorships.

However, if Tom Enders - a former US ambassador to Spain and Canada - can make a successful switch to Salomon Brothers when in his mid-50s, Seftz can be as good an investment banker as he was a diplomat.

No respect

Old habits die hard. On Wednesday, 1960s gangland convict Ronnie Kray was given a slap-up funeral in his old stamping ground, London's East End. One of the many wreaths featured a portrait of Ronnie with brother Reggie, who returned to Maidstone jail after the fimeral.

By yesterday the picture had been

Financial Time

50 years ago Activity in Coal

At no time have conditions in the market for coal shares been anything like so bad as those . which have been circulated from time to time in respect of the commodity market itself, nor, so far as can be reasonably judged, is there any reason to anticipate any setback in prices. On the contrary, it looks very much as though recent activity

in this section is the beginning of what may prove to be a further upward movement.

The Reid Committee's report.

submitted to Parliament on Wednesday suggested that amalgamation is one of the main steps necessary to bring the coal mining industry to a state of technical efficiency. There are . . . stirrings in this respect . . . [and] there is no doubt that in coming years more mergers will be. announced and there should be plenty of scope for those investors prepared to take a reasonable risk.

Fears of nationalisation are. of course, still in the background, but the bark of this "ogre" may well prove, as in the case of the railways, to be worse than its bite.

The Financial Times was not published on Sunday March 31 16

FINANCIAL TIMES

Friday March 31 1995



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New Deutsche Telekom chief ready for tough times ahead

Ron Sommer recognises challenges presented by deregulation

By Michael Lindemann in Bonn

When Mr Ron Sommer, the new chief executive of Deutsche Telekom, wanted to complete his doctorate in mathematics at Vienna University in 1971 be found himself in

Under Austrian regulations it was not possible to finish doctorates at the age of 22 on the grounds that one could not have com-

pleted such weighty work so young.

Luckily he was able to get an exemption from the Austrian minister of education and complete his work on time - possibly not the first sign that Mr Sommer, born in Israel of a Russian father and a Hungarian mother, was never going to be an also-ran.

Mr Sommer allows himself a wry smile when considering the circumstances that led to his appointment at Deutsche Telekom. He did not leap at the opportunity. In fact, he had said he "identified himself 200 per cent with Sony", whose European operations he bas headed since 1993. He finally sought the advice of Mr Norio Ohga, Sony's chairman, who urged him to accept the job.

Mr Sommer's hesitation was understand-able. Deutsche Telekom faces huge challenges as it prepares for the liberalisation of the German market in three years. Yet he is convinced be can meet the challenge, describing the new job as "quite simply the biggest challenge in German industry".

"I am convinced that the potential exists in Deutsche Telekom for it to become the top telecommunications company in the world."

With sales last year of DM64bn (\$45.7bn).



Taking the helm: Ron Sommer

Deutsche Telekom is Germany's fourth biggest company, and a formidable step up for the 45-year-old executive. Because of its size. and because telecommunications companies are still regarded as national flag-carriers, the decision about who would take over at the

top was one which had to be cleared person-ally with Chancellor Helmut Kohl.

The task for Mr Sommer is indeed immense. Deutsche Telekom needs to shed 60,000 of its 230,000 employees by 2000 to increase its competitiveness against rivals such as AT&T, the world's largest telecoms company, The 540,000-member German Postal Union, has vowed to do all it can to fight the

He quickly needs to fill four other vacan-

cies on the management board, especially the key position at the head of Deutsche Tele-

kom's international activities.

Most important, Mr Sommer has to ensure the smooth partial flotation of Deutsche Telekom - at DM15bn, the largest ever in Germany. The company is saddled with DM122bn of debt, and will face strong foreign competition when its monopoly is lifted.

On Monday, Mr Wolfgang Bötsch, post and telecoms minister, unveiled the guidelines for German telecoms liberalisation which allow an unlimited number of newcomers - domes-tic and foreign - into the German market.

But Mr Sommer has some plans. He has said repeatedly that he sees telecommunications, consumer electronics and computing overlapping, and is certain to spearhead an aggressive expansion of Deutsche Telekom's activities in interactive media. The fact that the company owns the world's largest cable television network, connected to 14.5m households, gives give a clue to his ambitions.

Mr Sommer arrives at Deutsche Telekom with a strong international background. This may have won him the job. Other candidates included Mr Jans Odewald, the former head of the Kaushof retail chain, and Mr Eberhard von Koerber, the head of the European division at Asea Brown Boveri, the Swiss-Swed-

ish engineering group.

Mr Sommer started his career in the US at Nixdorf, the German computer company now part of the Siemens conglomerate, and ran its French subsidiary for three years before moving to Sony. For three years he also ran the Sony Corporation of America before returning to Germany to take the Sony Europe job.

THE LEX COLUMN

Dousing the D-Mark

Labour party, it has neutralised the

Moreover, on closer examination,

shareholders do rather better out of

NW Water's plans than the rhetoric promising a 50:50 split of efficiency gains with customers suggests. Out of

£400m saved on capital spending since

privatisation and further large effi-

ciencies in operating costs, only £90m

is being paid to customers. The main benefit to shareholders is not the £90m

special dividend they will receive over

Interest retes

FT-SE Eurotrack 200: 1376.4 (+27.3)

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regulator.

The timing, size and direction of yesterday's interest rate cut from the Bundesbank were all surprising. Few expected the German central bank to move at all now, and given the inflationary pressures in the German economy, the Bundesbank could just as plausibly have found reasons for increasing rates as for cutting them. The sheer size of the half a percentage point cut in the discount rate also came as something of a shock.

The domestic justification for the move was odd: last year the Bundesbank slashed rates while money supply ballooned; now it is cutting them again while money supply is shrink-ing. A more credible reason for the reduction is the strength of the D-Mark: the Bundesbank appears to believe that the economy stands to suffer as a result of the currency's appreciation. However, tha evidence for this is not well established. An alternative interpretation is that the Bundesbank is acting primarily to defuse tensions within the EMS, in particular to help out the franc.

The risk lies in the perception that the Bundesbank has put international considerations ahead of its fight against domestic inflation. If this belief gains ground, the D-Mark could weaken and long bond yields rise further, forcing a swift volte-face in pol-icy. Meanwhile, the Bundesbank has temporarily taken the heat off the US dollar and weaker currencies in Europe. But the economic and political factors which caused the weakness of those currencies in the first place have not magically been dispelled.

UK water

From a purist's perspective, North West Water has no business paying customers money that belongs to its shareholders; and the regulator has no business suggesting that other water companies should follow NW Water's lead if they want to boost dividends. Under a deal with the industry last year, the regulator has already taken care of customers' needs. The whole idea behind the system for regulating the UK's privatised utilities is that companies have the maximum incentive to improve efficiency because shareholders keep any extra profits. Yesterday's moves muddy the waters. But back in the real world, NW Water has been fairly shrewd in offering what amounts to a bribe to its customers not to kick up a political stink as it increases dividends. Even if

the company has not bought off the

five years; it is rather the double-digit increases in ordinary dividends that should be possible by gearing up its balance sheet and cutting dividend cover from three to two times. If the comparatively small payment to customers secures the regulator's blessing for a bigger payment to shareholders, it is a bribe worth paying.

British Aerospace

British Aerospace is blowing its trombone again. This is the name for the smart, but complex financial instrument it has arranged to help it outgun GEC if it comes to a bidding war for VSEL, the submarine maker. BAe first used the instrument - a twostage rights issue in which part is paid upfront and part paid only if the cash is needed - before both rivals' VSEL bids were referred to the Monopolies and Mergers Commission.

Now that the commission's deliberations are drawing to an end, BAe has arranged another trombone. This time, the trombone has further bells and whistles attached. One is that even the first instalment will be paid back to shareholders if the cash is not needed for VSEL. Another little trinket is the warrant programme attached to the rights issue. This will bring in a further £100m of equity if fully exercised.

Cynics will note how BAe never misses an opportunity to tap shareholders for cash. But the main point of. the clever financing is to prevent GEC launching a pre-emptive strike if both bids are cleared by the commission. BAe will be able to kick in immediately with its own cash bid. The trombone will also allow it to increase the hid if needs be, without going back to

underwriters. Given that BAe would enjoy big tax advantages from acquiring VSEL that would not be available to GEC. the aerospace group can afford to pay more. GEC is unlikely to give up without a fight. But, with its new trom-bone at the ready, BAe now looks bestto Win.

Redland

Cutting dividends at a time of substantial earnings growth may seem bizarre, but in the case of Redland, the management has not gone far enough. The shares reacted badly to the news. yesterday, but Redland should have slashed its dividend years ago. The fact that it is now substantially increasing capital expenditure demonstrates the extent to which funding for the businesses was previously limited by payouts to shareholders.

Such financial restraint was inevitable. The only cash the group derives from its massively profitable German subsidiary Braas is a dividend. As a result Redland has suffered significant cash outflows. These would have increased this year, given a £74m deferred payment for previous acquisitions. At least yesterday's proposals will improve cash resources. However, there is another problem. Redland has failed to generate sufficient UK earnings to match its Advance Corporation Tax outlay. And it could still suffer a £15m shortfall in UK taxable earnings, for ACT purposes, even assuming a 50 per cent rise in UK profits this year. So long as UK businesses continue

to under-perform overseas operations, ACT will remain a problem, thus raising the spectre of further dividend disappointment. An obvious solution would be to sell overseas businesses. and reinvest in UK earnings streams. But the profitability and tax efficiencies of Redland's overseas operations would be hard to replace. A deeper cut to the dividend would have been a less painful solution.

US term vote defeated

Continued from Page 1

crats and the lone independent in opposition. It was easily the largest party defection from the Contract's 10 cardinal points so

Senator Robert Dole, the Senate majority leader, said after-wards he would schedule a term limit vote in the upper chamber this summer, but it would serve ouly as a political symbol. The Senate has shown less enthusiasm for the contract, the Republican manifesto in the mid-term congressional elections last November, baving already rejected a proposed constitutional amendment to balance the

Mr Newt Gingrich, the House Speaker, wound up the debate by warning the Democrats that paying some attention to the can people would have been useful". He said the first item on the House calendar in 1997, if his party were still in control, would be another term

limits proposal But even Mr Gingrich showed ambivalence on the issue. He conceded that opposition arguments that term limits were inherently undemocratic were "fair", because such restrictions circumscribed the voters' freedom to send to Washington whomever they choose. But the will of "the American people", as expressed in opinion polis, could hardly be overlooked, he said.

The term limits cause has widespread and vociferous support, and 22 states have called

for them, many through referen-dums. The most ardent support in Congress is among younger members and, outside, among Independents professing alle-glance to the ideas of Mr Ross Perot.

In the 1992 presidential election, Mr Perot, running as an independent, drew support equally from both main parties But, in the congressional midterm elections last year, when his movement was unrepresented, his supporters split at least 2:1 in favour of Republican candidates. The contract was partly drawn up to attract Perot

Mr Perot, a Texan billionaire, bas been quiet of late. But there is hard evidence of a growing trend for Americans to register themselves, courtesy of tha "motor-voter" act, as independents, rather than Democrats or Republicans. The act requires states to allow citizens to register to vote on the form they also use to apply for a driving licence

Some Americans are disaffected with President Bill Clinton, some with the contract and Mr Gingrich, who has low poll ratings, but Mr Perot's influence clearly remains. What cannot be known yet is whether voters will blame the Democrats for frustra ting term limits or the Republicans for failing to deliver them.

simply passed its peak through greater exposnre to public

No global airline has a younger fleet.

Lufthansa

UK acts to attract more investors to government bonds

By Antonia Sharpe in London

The UK government yesterday took steps to make its debt more attractive to investors, in order to reduce the cost of funding the shortfall between what it spends and raises in taxes.

Ministers said they would introduce an annual timetable for the auction of gilts - government bonds - and give tha market more advance notice about the life of the gilts to be auctioned. They hope this will make the borrowing programme more transparent and predictable.

The news was welcomed by gilts traders, who have called for a more open auction system in line with best practice overseas.

Under the present system, the Bank of England announces the maturity of gilts less than two weeks before the an auction is held. This causes uncertainty and speculation in the days running up to the auction announcement, which tends to put off international investors. "Anything that reduces uncer-

tainty has to be welcomed because that means lower It is also possible that the comentum for term limits has yields," said Mr Nigel Richardson, head of bond research at Yamaichi, the Japanese bank. The government wants lower

yields, which means it is paying a lower interest rate to borrow

from investors. Mr Anthony Nelson, the Treasury minister who has been steering the market's reform, said that "serious money" could be saved if the government achieved lower funding costs.

He said a reduction in gilt yields of one-tenth of 1 per cent could save taxpayers £250m (\$400m) a year, though he acknowledged the savings would be difficult to quantify.

About 20 per cent of gilts are held by foreigners but this figure is likely to rise now that the UK has adopted international standards. A wider pool of investors should also allow the government to cut funding costs.

Yesterday's development comes a month after the government gave the green light to a "repo" market, which is due to start at the beginning of next year. Repos allow market participants to borrow and lend gilts to each other and are common in other government bond markets. The main benefit of a repo market is that it makes the underlying government bond market more liquid and efficient.

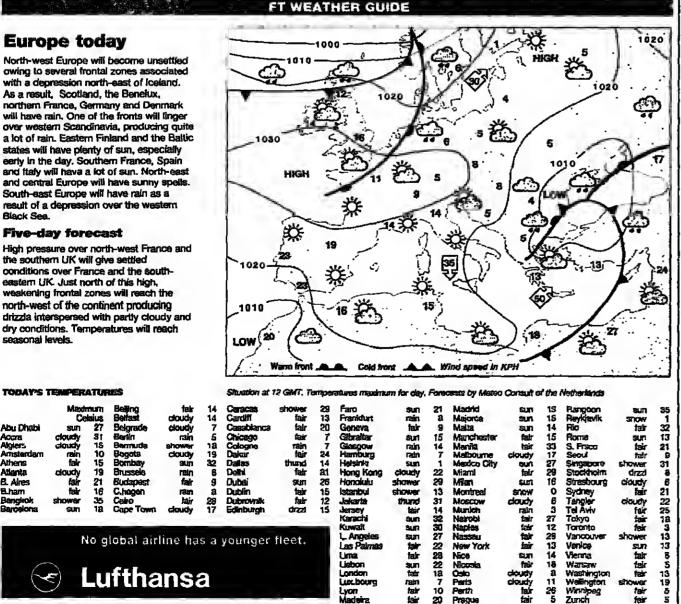
The story started well: iso-butane, the new replacement for CFC refrigerants, is neither an ozone depleter nor a greenhouse gas. Then came the twist: it's flammable. European refrigerator manufacturers were suddenly faced with strict new safety guidelines on evaporator designs.

Bundy scripted a solution. Locate the evaporator behind the cabinet liner and manufacture it from Bundy's patented aluminised rube. This offers far greater protection against leakage and corrosion than traditional evaporators made by pressing aluminium sheets together. What's more, a tubular design lightens the load on the compressor, making it more efficient and reducing energy consumption. That, said Bundy, will ensure a happy ending.

Bundy is one of Tt Group's three specialised engineering businesses, the others being John Crane and Dowty. Each one is a technological and market leader in its field. Together, their specialist skills enable II Group to get the critical answers right for its customers. Worldwide.

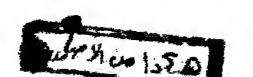


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FINANCIAL TIMES **COMPANIES & MARKETS**

THE FINANCIAL TIMES LIMITED 1995

Friday March 31 1995



IN BRIEF

Commerzbank off to slow start

Commerzbank, the German bank, has cautiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits in the first two months. Page 18

Production shake-up helps lift CMB 14% CarnaudMetalbox, the Anglo-French packaging group, announced a 14 per cent rise in net profits last year, to FFr950m (\$195.1m) from FFr935m. It attributed the increase to improved productivity.

Ferfin to simplify control of Fondiaria Ferruzzi Finanziaria (Ferfin), the Italian holding company which came close to collapse in 1993. plans to simplify the complex chain of companies through which it controls 34 per cent of Fondiaria, one of Italy's biggest insurance companies. Page 18

Mediobanca gains before provisions Mediobanca, the influential Milan merchant bank, announced an increase in half-year profits to L343.3bn (\$201.8m1 before tax and provisions, Page

Sumitomo Metal reorganises units Sumitomo Metal Industries, one of Japan's leading steelmakers, announced a broad restructuring which it hopes will cut its workforce by 1,600 during the next two years. Page 23

ING profits advance 13% for year Internationale Nederlanden Groep, the big Dutch financial services company which earlier this month rescued Barings Bank of the UK, posted a 13.5 per cent increase in net profit for 1994, in spite of a sharp drop in results on financial trading for its own account. Page 20

Iberia plans to wind up Viva Air Iberia, the state-owned Spanish airline which is awaiting a decision by the European Commission on a planned Ptal30bn (\$1bn) capital injection, is proposing to wind up its profitable subsidiary Viva

Bank Austria profits drop 22% Bank Austria, the country's largest bank, has blamed a 57 per cent slump in own-account trading profits, to Sch761m (\$78.5m), for a 22 per cent slide in annual pre-tax profits to Sch4.8bn. Page 18

Air and absorb its charter operations. Page 20

BAe to fund war chest with rights issue British Aerospace has launched a £383m (\$612.8m) rights issue to fund its war chest for a renewed assault on the submarine maker VSEL if it is cleared by the Monopolies and Mergers Commission to bid again. Page 24

Disposal losses hold back Amec Pre-tax profits of Amec, the construction and englneering group, dipped from £20.4m to £20m (\$32m) in 1994, after exceptional losses of £6.3m on property and asset disposals. Page 26

SeaPerfect reduces deficit

SeaPerfect, the world's largest controlled producer of shellfish, reported a pre-tax loss for 1994 in line expectations at £971,000 (\$1.55m), from a deficit of £2.69m in 1993. Page 26

Companies in this issue

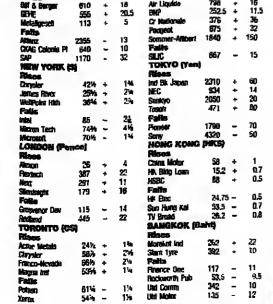
ABB	6	Kolbenschmidt	26
Alpha Credit Bank	22	Lucas Industries	26
Arriec	26	Luxottica	17
Axa	17	Magnum	22
BAe	24	Mandarin Oriental	23
BMW	17	Mastercard Intl	22
BNA	1a	Mediobanca	18
8PB	24	Morgan Grenfell	21
BSG	26	National Gypsum	24
Banca di Roma	16	News Corporation	10
Bank Austria	1 a	NexGen	20
BellSouth	6	Omnitel	4
Bobst	22	PDVSA	21
Booker	24	Pearson	10
Budapest Bank	20	PowerGen	6
CTR	24	Rectand	24, 17
CamaudMetalbox	1a	SeaPerfect	26
Commerzbank	18	Siemens	5
Compaq	20	Solvay	20
Copenhagen Airport	22	Springs Industries	26
Dawson Inti	26	Stet	4
Edinburgh Japan	26	Sumitomo Metal	23
Ferlin	18	Swissatr	18
GTech	10	TEN	26
General Motors	а	Telecom Italia	4
Gentina	23	Tibbett 6 Britten	24
Hongkong Land	23	Toyota	6
ING	20	US Shoe	17
theria	20	VSEL	24
Israel Aircraft Inds	23	Videotron	22
Jupiter Tyndall		West Japan Railway	22
Kaufman and Broad	20	Yamalchi Securities	22

Market Statistics

28	Foreign exchange	29
26	Glits orices	28
28	London share service	30-31
27	Managed funds service	32-33
24		29
29		28
28	New York share service	36-37
28	Recent issues, UK	34
k Page	Short-lenn int rates	29
		28
28		35
	28 28 27 24 29 28 28 k Page 34	28 Gifts prices 28 London share service 28 Alamaged funds service 24 Money markets 29 New intl bond issues 28 New York share service 28 Recent issues, UK 34 Page Stort-lerm int rates 34 US interest rates

30-31 FT-SE Actuaries Indices

Chief price changes yesterday



BMW forecasts 'satisfactory' year

By Haig Simonian in Munich

BMW, the German executive and luxury carmaker, increased its pre-tax profits by 65 per cent to DM1.38bn (\$980m) last year, and forecast a "satisfactory result" for

Mr Bernd Pischetsrieder, chairman of the BMW management board, warned that currency fluctuations could hit the company's financial performance this year, however. Its share price fell DM1 yesterday to close at DM679.

Mr Pischetsrieder said that the opening of the group's new car plant in the US. increasing purchases of materials and components in US dollars and related cur-

Axa seeks

purchases

grows 11%

Axa, one of France's largest

insnrance groups, yesterday

reported an 11 per cent rise in

net income to FFr2.27bn (\$458m)

in spite of the impact of the fall-

ing dollar and a sharp reduction

Mr Clande Bébéar, chairman,

confirmed that the group was continuing to look for new inter-

national acquisitions, but

planned to expand operations in

Germany through its direct sell-ing arm rather than through

Be said profits rose as a result

of improved technical results,

cost reductions and a strong

increase in net income from the

life assurance activities of The Equitable, the US Insurer it con-

trols, which rose five-fold to

The group said net Income

would bave been 23 per cent bigher but for the fall in the dol-

lar. Income rose in spite of a

decline in capital gains from UK

Non-life profits fell 7 per cent

to FFr450m, offset by a 20 per

cent rise in life assurance to

FFr1.27bn. Reinsurance profits

rose 87 per cent to FFr321m, and

financial services and property

were np 32 per cent to FFr946m.

dividend up 10 per cent to

Mr Henri de Castries, execu-

tive vice-president, said that Axa

was helped by its small property

portfolio and the fact that it did

not own any banks, which had taken some losses on property

lending in the French property

He confirmed that the group

was still seeking acquisitions, and highlighted the scope for

purchases among the small and medium-sized life insurance com-

panies in the UK. He said the

company was unlikely to embark

on any large acquisitions until it

bad integrated January's A\$1.1bn (US\$801m) purchase of a

controlling stake in National

Mntual, Australia's second larg-

However, Mr Bebear said the

cost of bnying insurance compa-

nies in Germany was too high.

He said Axa Direct in Germany,

which employs 40 people, is con-

centrating initially on motor

cult to penetrate, because of con-

servative costomer attitudes.

"Starting from scratch is a good solution. It will take time but we

est life company.

bousebold policies.

The board recommended a

and French stock markets.

By Andrew Jack in Paris and

Raiph Atkins in London

in capital gains.

FFr607m.

as net

income

rencies, and the acquisition of Rover, the first quarter including Rover, which was UK carmaker, had not been sufficient to acquired in March 1994, totalled 305,000. offset the impact of the current strength of the D-Mark.

Excluding Rover, the volume of BMW car sales rose 7.1 per cent in the first quarter to 150,000, while its turnover increased by 13 per cent to DM8.5hn and production rose 19.3 per cent to 165,000. Mr Pischetsrieder warned that the firstquarter performance could not be extrapo-lated for the full year, as production a year ago had been depressed by the changeover of two models. Output later this year will

also be depressed by the launch of a

BMW group vehicle production in the

replacement for the 5-series.

while group turnover stood at DM11.25bn. Rover production rose 3.2 per cent to

137,300 in the first quarter, but its sales volume fell 2.3 per cent to 114,800 partly because of the imminent replacement of the 200/400 series, its main volume car. Mr Pischetsrieder called for more flexi-

hle working practices, lower taxes and wage restraint in Germany. Singling out higher than inflation pay rises in Ger-many, he said: "This forces many companies to improve their cost structure in some other way, the inevitable consequeoce being a further shift of jobs to foreign markets."

Production at the group's new US plant at Spartanburg, South Carolina, was now building up after delays caused by teetb-Z3 sports cars.

The Spartanburg-made 318i has a US

ing troubles in the paint shop. The plant which is running about three months behind schedule, is producing about 30 318i models a day and a limited number of

local content of about 20 per cent of its value, according to a senior BMW execu-tive. That should rise to 40 per cent, while the Z3's local content would be more than 60 per cent. He confirmed that BMW was considering boosting capacity at the Spar-tanburg plant to 110,000 units, but no deci-sion had yet been taken.

Take-up of fresh equity has slowed down, writes Conner Middelmann Western European equity Issues

European issues hit a sticky patch

be Bundesbank's latest interest-rate cuts could provide relief for Europe's primary equity sector, which has been limping along in recent months, in marked contrast to last year's buoyant activity.

New-issue volume has been depressed by falling stock markets, currency turbulence, political uncertainties and disgruntled investors sitting on losses from previous offerings. Last week two issues were pulled, one was downscaled, and many other deals in the market are facing an uphill struggle.

In the first three months of this year, only 41 equity issues worth \$4.6bn were launched worldwide. compared with 111 worth \$14.1bn in the same period last year. In western Europe, 12 issues worth \$2.4bn have come to the market during the first quarter, against 28 worth \$8.2bn in the same period of 1994. "There is a dis-tinct lack of confidence in Europe's stock markets," says Mr Peter Chambers, global strategist at James Capel. "Investors' per-ception is that European growth is not robust and 1994's growth rates are not sustainable, especially in the hard-currency markets like Germany."

The D-Mark's recent surge against the US dollar and other European currencies has weighed heavily on the German stock market amid fears of poorer earnings prospects for exporters. As a result. Germany's Schwarz Pharma last week postponed a planned IPO which had been expected to raise about DM250m.

Cyclical stocks too have been

hit by fears that the European economic cycle will be short-lived, and steel stocks suffered from news of price cuts by US steelmakers. That weighed on IPO plans for Granges, the aluminium and metalworking company Sweden's Electrolux was planning to spin off; with investors unwilling to bid within the indicated price range, the issue was pulled. It also doesn't augur well for the privatisation of French steel company Usinor Sacilor, expected to be launched after France's elections in May.

Many issues which came to the market over the last year have performed poorly, making investors wary of buying into new issues. "If you run down the list of European equity issues of the insurance but will expand into last five to six months, you see an awful lot of red ink," says Mr Germany is regarded as diffi-Gavin Farley, head of equity capital markets at Salomon Brothers.

To be fair, in many cases the poor performance has been due to weak stock markets. Moreover, performed quite well.

recent experience with new "There's a fair amount of cash on However, the Bundesbank's the sidelines in Europe which could be tempted back by attractive valuations when the markets

> Moreover, "we should see flows to Europe from US pension funds as they continue their international diversification." Indeed. continued dollar weakness would favour increased investment flows from the US into strongcurrency markets; a dollar rally, on the other hand, would take some pressure off earnings con-

move - even though it has taken some immediate pressure off cross rates - may offer only temporary respite for European equities. For while it could provide stock markets with an excuse to go higher near-term, a rally may release further supply of fresb

amable recovery. "Every time the markets go up we will see more supply coming out of the woodwork and that will put a cap on the market,"

equities, thus stymying any sus-

Luxottica heats up battle for **US Shoe**

By Maggle Urry in New York

The battle for US Shoe became more heated vesterday as Luxottica Group, the Italian spectacle maker, launched another attack on the US retailer which bas

rejected a \$24 per share offer. Luxottica appealed to US Shoe shareholders over the beads of their board in an attempt to force the company to negotiate. In a letter to US Shoe shareholders, Mr Clandio Del Veccbio, managing director of Luxottica, urged them to "send a clear message to US Shoe management to stop stalling and negotiate the best deal for shareholders rather than golden parachntes for themselves".

Luxottica asked sbarebolders to call for a special meeting at which a motion to replace US Shoe's directors with Luxottica nominees would be debated. If that succeeded the new board would lift the "poison pill" preventing a takeover.

However, with the US Shoe share price above Luxottica's offer some investors said that only a higher bid would swing sbareholders in Luxottica's

US Shoe's share price is above the \$24 offer and yesterday was np \$1/4 to \$261/4.

After rejecting the \$1.1bn offer, US Shoe is now breaking up the business. It has already agreed to sell its footwear business to Nine West, a shoe retailer, for \$560m in cash plus warrants estimated to be worth \$40m. A sale of the loss-making apparel chain is also expected, perhaps raising \$50m.

That would leave the LensCrafters chain of opticians which is Luxottica's target. Many believe that at \$24 a share, Luxottica would be buying LensCrafters cheaply. There have been rumours of an offer for the chain of \$700m.

Mr Leon Cooperman, fund manager at Omega Capital Partners which holds 5.8 per cent of US Shoe shares, said the "legal tactics are irrelevant. \$24 is not close and we have told them

Mr Guy Wyser-Pratte, head of the Wyser-Pratte arbitrage firm which holds about 1 per cent of US Shoe shares, said "the poison pill is meant to act as a gavel". When the bidding stops, he said, the poison pill could be removed. "Luxottica would love to run off with this thing at \$24," be said but he expected it would take an offer in "the high 20s or maybe

Total monthly volume (\$bn) Average monthly volume (\$m)

Jan	1993		1904		1995 Nar.
Recent offerin	gs' performance		Amount	lesus price in	30/3/95 Price
Pricing date	tesuer .	Country	issued (Siri)	local currency.	price change.(9
06 Mar 1995 .	PowerGen's	* - M	2.6314	1000	V1810 5 66
06 Mar 1995	National Power	UK	3,867.9	180.0	182.0 -10,00
06 Feb 1985	Seta	Remos	A 605.0	4 P. 1330	150
20 Jan 1995	Finneir	Finland	89.0	36.0	28.3 -19.14
07 Dec 1994	British Sky Bedardaning	- BK	3007	2560	2500 A 78
22 Dec 1984	TeleWest Communications	UK .	615.6	162.0	170.0 - 6.69
14 Nov 1984	EVC Imperiodiones	- Metherlahon	V 404.5	7750	18.63°
03 Nov 1884	Enteronse Of	UK	304.2	369.0	999.0 +8.13
02 Nov 1994"	Handrid.	Franker	20178	**************************************	1640 692
28 Oct 1994 .	Stadenyputek	Sweden	199.8	92.0	97.5 +5.99
an Oct signe .	. 25		1497 Line was 1	W. 4 1-250- 11	"Little " A. o liminal".

issues, and this is driving prices for new equities down. Moreover. intense international competition for capital is creating a supply and demand imbalance so if issuers want to get their deal away they have to price it at a level where investors will buy lt. "Issuers may be the masters of their own universe domestically, but once they go out into the crossborder world, it's the international fund manager in London, Edinburgh, Boston or New York who's in the driving seat," says

uropean privatisation sales have slowed, with the £4bn (\$6.4bn) sale of the UK government's remaining stake in National Power and PowerGen the only large issue in months. Nevertheless, "the European privatisation process has not been derailed - the train is just going more slowly." says Mr Murray Davey, manager of the Kleinwort European Privatisa tion Investment Trust. The Organisation for Economic Co-operation and Development expects the proceeds from European privatisations to total some \$40.5bn this year, compared with 250.8bn in 1994.

Governments which can rely on a strong domestic retail base for their sell-offs will be the most likely to succeed, some say. "A domestic market is the natural home for stock in all weather international markets tend to be much more fickle," says one syndicate manager.

help could come from several quarters, says Mr Mike Young, director of European investment

are in no hnrry," said Mr some smaller issues in less exposed sectors have experienced He said Axa's bopes of a New few difficulties, and some have York Stock Exchange listing may Amid the doom and gloom have to be postponed until 1996. because of the National Mutual Nevertheless, Mr Farley says deal. Such a listing would bely investors have increased their risk premium based on their strategy at Merrill Lynch. development in the US, he said.

Redland cuts payout despite rise

By Andrew Taylor and David Wighton in London

Redland, the world's biggest roof tile manufacturer, cut its final dividend by a third in spite of a 34 per cent increase in pre-tax profits to £388.4m (\$621m) last year. Mr Robert Napier, chief executive, said Redland needed to conserve cash to invest in more efficient production in continental Europe where it was market leader, and also to make acquisitions in growth markets in Asia. The company's shares fell 22p

to 445p following the news that the final dividend was being cut to 11.17p. The interim dividend for 1995 would also be cut by a third to 5.5p. The company, which previ-

ously had been criticised for paying an unsustainable dividend.

and it needed to spend more on reducing costs to generate profits emowth.

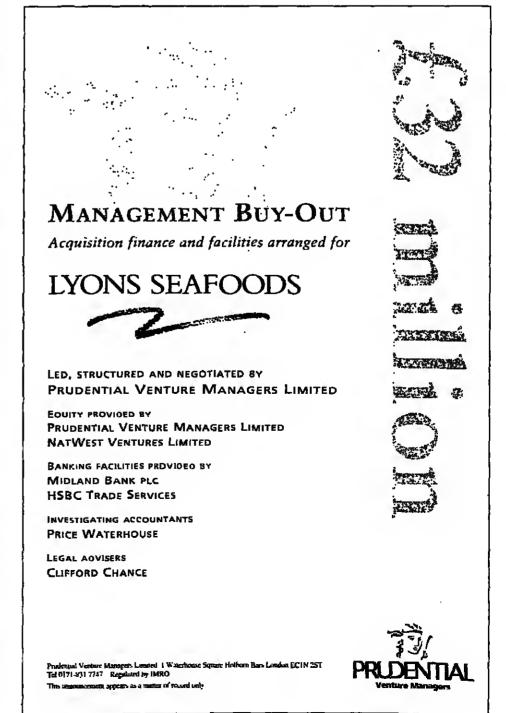
Redland, also one of Europe's biggest producers of bricks and concrete, said it was generating insufficient UK earnings to offset advance corporation tax (ACT) liabilities which was constraining its ability to finance capital expenditure and acquisitions.

More than 90 per cent of aftertax earnings had been paid in dividends to Redland sbareholders in the three years to 1993. The company's ACT liabilities have increased as the number of Redland shares in issue has almost doubled from 276m to 515m since

Some analysts questioned yesterday wbether the dividend cut

said UK profits were recovering had been deep enough. There is more slowly than it had expected a real danger that ACT problems could return," said one. in a separate move, Redland

has increased the cash dividend it receives from Braas, its 51 per cent-owned German subsidiary which last year pald Redland £30m. Mr Napier said be had agreed with minority shareholders of Braas that the German company should distribute 63 per cent of its earnings in 1994, 1995 and 1996. Previously Braas has distributed an average of 30 per cent. Redland also is selling for A\$195m (US\$142m) its 49 per cent interest in Monier, the Australian and New Zealand brick producer. to CSR, the Australian building materials and sugar group which owns the other 51 per cent. Background, Page 24



Mediobanca edges ahead

before provisions and tax

shares and warrants to help

fund investments. The bank

had to postpone an issue

planned for last June because

of adverse market conditions.

Since then, however, its

shares have declined still fur-

ther. They closed yesterday at

L12,113, up L118 on the day.

However, this is well down on

the original minimum price for

The bank has given itself the

flexibility to relaunch the issue

at any moment and at any

price, but apparently the sub-

ject was not discussed at yes-

Mediobanca's figures indi-

cate the bank's resistance to

the difficult trading which has

hit other Italian banks' full-

Losses deepen at Italian bank

terday's board meeting.

the issue of L15,000.

year 1994 results. However, the

value of the bank's share and

bond portfolio has declined

slightly in the first half of

Mediobanca indicated the

market value of its listed seco-

rities was some L2513bn more

than the book value on the

basis of March 27 prices. This

compares with a difference

between book and market

value of more than L2,800bi

For the first time, the board

approved consolidated figures

for the half, which show a

profit before tax of L288.5bn for

the six months to December 31,

and net equity of L4,626.650;

slightly higher than at the end

of the full year in June 1994.

six months ago.

1994-95

INTERNATIONAL COMPANIES AND FINANCE

Commerzbank off to slow start

By Andrew Fisher in Frankfurt

Commerzbank, the German bank, has cautiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits in the first two months.

Like other German banks, Commerzbank suffered last year from weak bond markets. Its group operating profit was 39 per cent lower at DM692m (\$502.4m), mainly because of an 81 per cent slide in earnings from own-account trading, to DM105m. After proceeds from the sale of shareholdings in other companies, net income was 80 per cent higher at fell below expectations. "We had set our sights higher, and that goes for the structure of our profits as well as for the avoidance of problems on the capital market side and the consequences of recession in Germany." he said.

He said financial markets remained risky, and the bank was taking a cantions approach, especially abroad Of course, we hope for a better result this year if our calculations are not upset by any unforeseen negative developments." he said. Net interest income was 9.5 per cent higher in the first two months, and

chairman, said the 1994 result 18 per cent as a result of weak securities husiness.

Own-account trading yielded a small profit, of DM43m, in the January-Fabruary period. Total income was 23 per cent higher at DM1.2bn before higher operating costs (including a bonus to employees for the 125th anniversary). Operating profits after risk provisions were below those of the first two months of last year.

Mr Kohlhaussen said partial operating profits (which exclude own-account trading) were np 3 per cent to DM2.05bn. Interest income was 5.2 per cent higher at DM5.1bn, with commission earninga

Mr Kohlhaussen sald domestic business showed a 7 per cent gain, while foreign business - accounting for 29 per cent of partial operating profits - was down 5.5 per cent, partly because of currency movements. Risk provisions were 6.5 per cent lower at DM1.66bn. but the bank was continuing to keep a close eye on domestic loan customers.

The steep rise in profits after tax was attributed to profits on the sale of stakes in Karstadt, the retail group, and DBV insurance. Altogether, Commerzhank's outside shareholdings were reduced by 32 per

Production shake-up helps lift **CMB 14%**

By John Ridding in Paris

CarnaudMetalbox, the Anglo-French packaging group, yesterday announced a 14 per cent rise in net profits last year, to FFr950m (\$195.1m) from FFr835m. It attributed the increase to improved productivity.

Mr Jürgen Hintz, chairman and chief executive, said the results were encouraging, and demonstrated progress in the face of tough pricing and cost pressures. He forecast further improvement this year, but warned of the impact of rising prices for raw materials. [This year] will be another challenging year," he said. According to Mr Hintz, the

rise in operating profit, to FFr2.2bn from FFr2.06bn, reflected the efficiency and productivity measures being implemented by the group. These include the reduction of working capital and costs and the introduction of more flexible working practices.

Cash flow rose to a record FFr30.8 per sbare, compared with FFr27.3 in 1993, while net debts fell to FFr3.59bn from FFr4.33bn. Earnings per sbare rose from FFr10.3 to FFr11.6, prompting a 10 per cent rise in the dividend to FFr4.4 a share.

Sales during the year rose 2 per cent to FFr24.89bn. The strongest gains were in Asia and Africa, where turnover rose 7 per rent and 13 per cent respectively. In Europe, sales rose 4 per cent and in North America, 2 per cent

By division, the strongest gains were in the beverage can business, where sales rose 28 per cent. Eurosteel, the core business which represents 56 per cent of sales, recorded a 2 per cent increase in turnover. The stock exchange of Sing-apore (SES) has asked locallylisted CarnaudMetalbox Asia to explain a sharp drop in 1994 earnings, writes Kieran Cooke in Kuala Lumpur. CMB incurred a nct loss of S\$1.51m (US\$1.07m) for 1994, compared with SS9.91m profit in 1993.

The SES has noted that operat-

ing profit before interest and

depreciation for the full year

was S\$10.54m, compared with

S\$11.06m in the first half.

Annual General Meeting,

L400bn circulated when Banca di Roma's offer was announced. BNA blamed its poor results on a number of factors, includ-

ing heavy write-offs of bad loans, and the crisis on financial markets. All Italian banks were hit by

recession last year, but BNA's losses further underline the gulf between banks with a customer base in northern Italy and those which operate mainly in the depressed south. Earlier this month, Banco di Sicilia announced a net loss of more than L650bn, and Banco

di Napoli reported a net deficit of L995bn.

Banca di Roma has itself. come under fire for failing to explain properly the decline in its own full-year profit, to L42bn from L110bn in 1993. announced three days ago.

Consob, tha Italian stock exchange watchdog, has asked the Roman bank for more information about the provisions which reduced a declared gross profit of L1.200bn to L42bn Banca di Roma, which was also hit by an increase in = had loans, was forced to draft

Ferfin to simplify control of Fondiaria

By Andrew Hill

Ferruzzi Finanziaria (Ferfin), the Italian bolding company which came close to collapse in 1993, plans to simplify the complex chain of companies through which it controls 34 per cent of Fondiaria, one of Italy'a biggest insurance

The company will take full control of the series of shell companies through which the Fondiaria stake was controlled by the late Mr Raul Gardini, former chairman of Ferfin, and the late Mr Camillo De Bene-

The banks which helped rescue Ferfin in 1993, and are among its biggest sharehold-ers, will underwrite a linked industrial subsidiary, Mr Cam-

capital increase for one of the hell companies.

Ferfin will then launch a bid for 22 per cent of Gaic, the quoted holding company which controls the Fondiaria stake, at a price which will be set later. In effect. Ferfin already controls 78 per cant of

The move will end the legacy of one of corporate Italy's most notorious partnerships, in which Mr Gardini, who killed himself in 1993, enlisted the help of Mr Camillo De Benedetti to keep Fondiaria within the Ferfin group, ultimately at the expense of other share-

When Mr Gardini took over

illo De Benedetti, consin of at least gain full control of the Carlo, the chairman of the Olivetti computer group, was sup-posed to find investors to share the burden of holding on to the Fondiaria stake.

When those investors did not materialise, it seems Mr Gardini secretly lent him the money to pay for that stake. After Mr Camillo Benedetti's death, his beirs proved unable to repay the L1,170bn (\$687.7m) debt to Ferfin.

A total debt of more than L2 200bn is still outstanding from all the shell companies formed for the deal. It is unclear whether this debt will have to be written off as a result of the latest scheme, but sources closa to the deal pointed out that Ferfin should

potentially valuable stake in Fondiarla Shares in Gaic rose 13 per

cent yesterday on news of the complex deal, even though no price has been set for the potential bid. Shares in Fondiaria and Ferfin also rose.

The original purchase of the Fondiaria stake by Montedison happened in 1985, before Mr

At the time, it made headlines because of the way in which the stake was secretly built up through a series of cleverly concealed stock market purchases, against the will of Mediobanca, the Milan merchant bank, and its traditional

The move is a prelude to

the insurance portfolio of the so-called Patientför-

The proposal put forward for decision by the Annual

General Meeting and the Agreement concerning the

transfer of the insurance portfolio, including other

related documentation in accordance with Chapter 15,

§ 1, fourth paragraph of the Insurance Business Act

(1982:713), are available for inspection as of, and including, Tuesday, 18th April, 1995, at the Company's

Head Office located at Sveavägen 44, Stockholm,

accordance with the proposal of the Voting Rights/ Nominating Committee. The term of office of the

Nominating Committee is proposed to run up to the

Annual General Meeting in 1996. It is proposed that the

Nominating Committee be composed of six members,

three of whom shall represent the major shareholders.

one shall represent the smaller shareholders and one

shall represent Skandia's life assurance policyholders.

It is further proposed that the latter be appointed by

the Stockholm Chamber of Commerce. In addition, it

is proposed that Skandia's Chairman be a member of

The Voting Rights/Nominating Committee, after having

contacted some twenty of the largest domestic as well as

foreign shareholders, has decided to propose the follow-

a) that the number of regular Directors elected by the

Annual General Meeting who, in accordance with the

rulings of the Company's Articles of Association shall

be at least five and not more than twenty, shall as

heretofore be eight, and that the number of Alternate

Directors elected by the Annual General Meeting

who, in accordance with the rulings of the Compa-

nv's Articles of Association shall be at the most five,

b) that for a term of office of two years, Messrs. Sven

Söderberg, Kurth Augustson and Bengt Braun be re-

elected regular Directors, and that Ms. Boel Flodgren,

Professor and Vice-Chancellor of the University of

Lund, be newly elected regular Director to succeed

Mr. Sten Gustafsson, who has declined re-election for

reasons of age, and that Mr. Leif Victorin be reelected

Alternate Director for the same term of office.

In accordance with the rulings of the Company's Articles

of Association, the regular Directors and Alternate Direc-

tors elected at the Annual General Meeting shall have a

The appointment of a Nominating Committee, in

Department of Corporate Law.

the Nominating Committee.

säkringskonsortiet (Patient Insurance Consortium).

Crossair already operates four RJ85s, formerly known as BAe 146s.

probably increase its capital

Bank Austria profits drop 22%

By lan Rodger in Vienna .

Bank Austria, the country's largest bank, has blamed a 57 per cent slump in own-account trading profits, to Sch761m (\$78.5m), for a 22 per cent slide in annual pre-tax profits to

Mediobanca, the influential

Milan merchant bank, yester-

day announced an increase in

half-year profits to L343.3bn

(\$201.8m) before tax and provi-

sions, from L327bn in the first

After higher provisions, the

bank reported pre-tax profits of

L219.6bn for the six months to

December 31 1994. In the same

period of 1993, it reported a

Mediobanca is seeking an

active role in the privatisation of state-controlled industrial

companies, and there is

increasing speculation that it

may relaunch an issue of new

Banca Nazionale dell'Agri-

coltura has become the latest

Italian bank to register a heavy

loss for 1994, with a net deficit

of L633bn (\$372m) for the calen-

dar year 1994, compared with a

Last month Banca di Roma.

one of Italy's biggest banks.

announced it was planning to

take control of BNA through a

takeover of Bonifiche Siele, the

quoted company which holds

However, the losses at BNA

were much worse than the

43 per cent of BNA's shares.

loss of only L61.7bn in 1993.

profit of L271.5bn before tax.

half of 1993-94

By Andrew Hill

However, the directors are recommending an increase in dividends to 10 per cent from 8 per cent, citing improvement in the bank's core activities. Partial operating profit. which reflects lending and

commission business, rose 11.7 per cent to Sch4bn, excluding a one-off gain on employee pen-

slon rights in 1993. Mr René Alfons Haiden, chief executive, said yesterday that the "quite satisfactory" result was achieved mainly through cost controls. He expected a "satisfactory" result this year, based on economic recovery and the benefits of Austria joining the European Union.

Mr Haiden, who is to retire next week, denied the dividend increase reflected the need of the bank's largest shareholder, a city of Vienna foundation, for funds to cover its borrowing last year to acquire a majority stake in GiroCredit, another leading bank.

He said the recent collapse of the Konsum food retailing net work had no effect on 1994 badloan provisions. The bank had: shifted money from a general reserve fund to make a specific provision.

Mr Gerhard Randa, the dep-uty chief executiva who will take over from Mr Haiden, said Bank Austria had "no interesi" in acquiring Konsum's 30 per cent stake in Bank für Arbeit und Wirtschaft.

Net interest income was unonly 3 per cent last year, to Sch12.7bn, as demand for loans was poor until after the refer: endum approving EU entry.

> C.A. La Electricidad de Caracas, SAICA-SACA U.S. \$209.564.000 ·

ng Rate Bonds Series A-1

Series A-2

U.S. \$13,628,000

Swissair struggles to earnings of SFr23m

By lan Rodger

Swissair, the quoted Swiss airline group, struggled to a SFr23m (\$2.37m) consolidated net profit last year, against the strength of the Swiss franc and continuing weakness in ticket

The profit was less than half the already depressed SFr59m earned in 1993, and the directors said they were recommending that dividends be passed for the second year in a

Swissair, which is negotiating the purchase of a large minority stake in Belgian flag- from SFr109m in 1993. Operat-

The Shareholders of

Stockholm, Sweden.

carrier Sabena, said it had big increases in traffic volume and load factors in 1994, but revenues rose less than 1 per cent to SFr6.45bn.

Group operating profit tumbled 40 per cent to SFr131m, and cash flow was flat at SFr519m. The group said its liquid assets, which stood at SFr2.27bn at the end of 1993,

are hereby invited to attend the Annual General Meeting

to be held on Tuesday 25th April, 1995, at 3.00 p.m.

(Swedish time) in the Stockholm Concert Hall, Hötorget,

The Agenda will, amongst other business matters, In-

· Election of a Chairman to preside over the Meeting

Election of a person to check and sign the Minutes to-

Decision as to whether the Meeting has been properly

Presentation of the Annual Accounts and the Audi-

Adoption of the Profit and Loss Statement and the

Balance Sheet, as well as the Consolidated Profit and

Loss Statement and the Consolidated Balance Sheet

Appropriation of the Company's profit according to

Discharge from liability of the Directors and the Ma-

Determination of the number of Directors and their

· Determination of the number of Auditors and their

· Determination of the emoluments of the Directors

A proposal concerning changes in the Company's

a) it shall be stated in § 1 that the Company is a public

company, and that its name shall be followed by the

b) the voting rights limitations under § 18 shall, in

accordance with the proposal put forward by the

Voting Rights/Nominating Committee, be changed

so that no one may vote for more than ten per cent

of the shares represented at the General Meeting (the

Approval of an Agreement whereby Skandia Insurance

Company Ltd (publ) shall transfer to Landstingens Öm-

sesidiga Försäkringsbolag the major part of its share in

presently applicable figure is five per cent).

Alternates who shall be elected at the Meeting

Election of the Directors and their Alternates

Election of the Auditors and their Alternates

Articles of Association whereby

designation to such effect (publ);

tors' Report, as well as the Consolidated Accounts and

clude the following items of business:

the Consolidated Auditors' Report

Verification of the voting list

gether with the Chairman

the adopted Balance Sheet

naging Director

Alternates

and Audirors

seek approval at the annual general meeting for a rights The airline itself made a SF17m operating profit, down ing revenue fell 6 per cent to SPr4.89bn. after currency movements and smaller profits from aircraft sales. The net negative impact of

currency movements on revenues was put at SFr126m. Swissair's problem is that most of its operating costs are incurred at home in Swiss francs, while a large proportion of its revenues come in Directors, however, would other currencies.

SKANDIA INSURANCE COMPANY LIMITED (publ)

The group's other main subsidiaries - the regional airline Crossair and the ancillary services supplier Swissair Associated Companies - had "highly satisfactory" results.

 Swissair is buying 12 Avro
 RJ 100 regional aircraft and disposing of its 10 Fokker

turning over all operations of aircraft up to 100 seats to its 62 per cent-owned Crossair subsidiary, which has lower operating costs.

The re-equipment programme will be financed in part by a Crossair rights issue. and Swissair said it would

toral number of regular Directors shall take place at each

Company's Articles of Association be changed in accordance with the aforementioned. d) that a Nominating Comittee be appointed in

c) that the voting rights limitations under § 18 of the

accordance with the aforementioned.

To be entitled to participate in the Annual General Meeting, shareholders

· be recorded as shareholders in the Shareholders' Register issued by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) as at Thursday, 13th

· notify the Company of their intention to participate in the Annual General Meeting not later than, 4.00 p.m. (Swedish time), on Thursday, 20 April, 1995.

Notification of intent to participate in the Meeting should be made in writing to Skandia, Corporate Law, S-103 50 Stockholm, Sweden, or by telephone: Int +46-8-788 32 62.

SHAREHOLDERS WHOSE SHARES are held in trust by a bank or private broker must register their shares in their own names to be able to participate in the Annual General Meeting. Such registration must be completed not later than Thursday, 13th April, 1995. Shareholders are advised to notify the trustee without delay of their intent to register their shares.

A SHAREHOLDER MAY vote at the Annual General Meeting in person or by proxy. Such proxies shall be in writing, dated and may not be older than one year. Shareholders wishing to vote by proxy should submit their forms of proxy to the Company. Forms of proxy may be obtained from the Company.

THE BOARD OF DIRECTORS proposes that a dividend of SEK 2:00 per share be paid to the Shareholders. The board has also decided to propose that the Record Date for the payment of dividends be Friday, 28th April, 1995. If these proposals are approved by the Annual General Meeting, it is anticipated that the dividend will be distributed by the Swedish Securities Register Centre on Monday 8th May, 1995.

Stockholm, March, 1995

The Board of Directors

term of office of two years, and the election of half of the SKANDIA INSURANCE COMPANY LIMITED (publ)

Issue of up to U.S. \$360,000,000 **Elders IXL Treasury** (Australia) Limited Subordinated Guaranteed Floating Rate Notes due 1995

Guaranteed as to Principal and Interest by Elders IXL Limited For the interest period March 31, 1995 to September 29, 1995 the Notes will carry an interest and Notes will carry an interest rate of 7.30% per annum. The interest payable on the relevant interest payment date, September 29, 1995

By: The Chase Manhattan Bank, N.A. London, Agent Bank

Warch 31, 1995

Suriet Bunds Suriet B-1 U.S. \$19,242,000 ling Rate Bonds due 1995 Series B-3 ce with the provisions of the B amount is U.S. \$18.17 Int e 30, 1995 adjusted to exp States A-1 will amount to U.S \$18 72152 per S. \$1,000 nominal amount of which U.S. 5 68 remains outcomeins. less B-3 will remoint to U.S. \$2,27725 per 51,000 nominal amount of which U.S. 5,00 remains compression

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The Nikko Securities Co.
(Denovchland) GrabH

The Ashikaga Bank, Ltd. otice is bereby given that for he three months interest Period from 31st March, 1995 30th June, 1995 the Certific will carry a Compon Rate Compon payable on 30th June, 1995 will amount to U.S. \$1.682.16 per U.S. \$100,000 Certificate. The Missishishi Bank, Limited As Agent Bank

Bank of Greece U.S. \$100,000,000

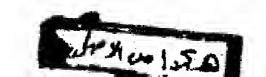
Floating Rate Notes due 1997 For the period 30th March, 1995 to 29th September, 1995 In accordance with the conditions of the Notes, notice is hereby in accordance with the concluions of the Notes, notice is netwo-given that the rate of interest has boon fixed at 7.2875 per cent per annum, and that the interest payable on the relative payme date being 29th September 1995 will be U.S.\$9.261.20 per il.S.\$250,000 Note and U.S.\$18.522.40 per il.S.\$500,000 Note.

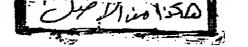
The Industrial Bank of Japan, Limited

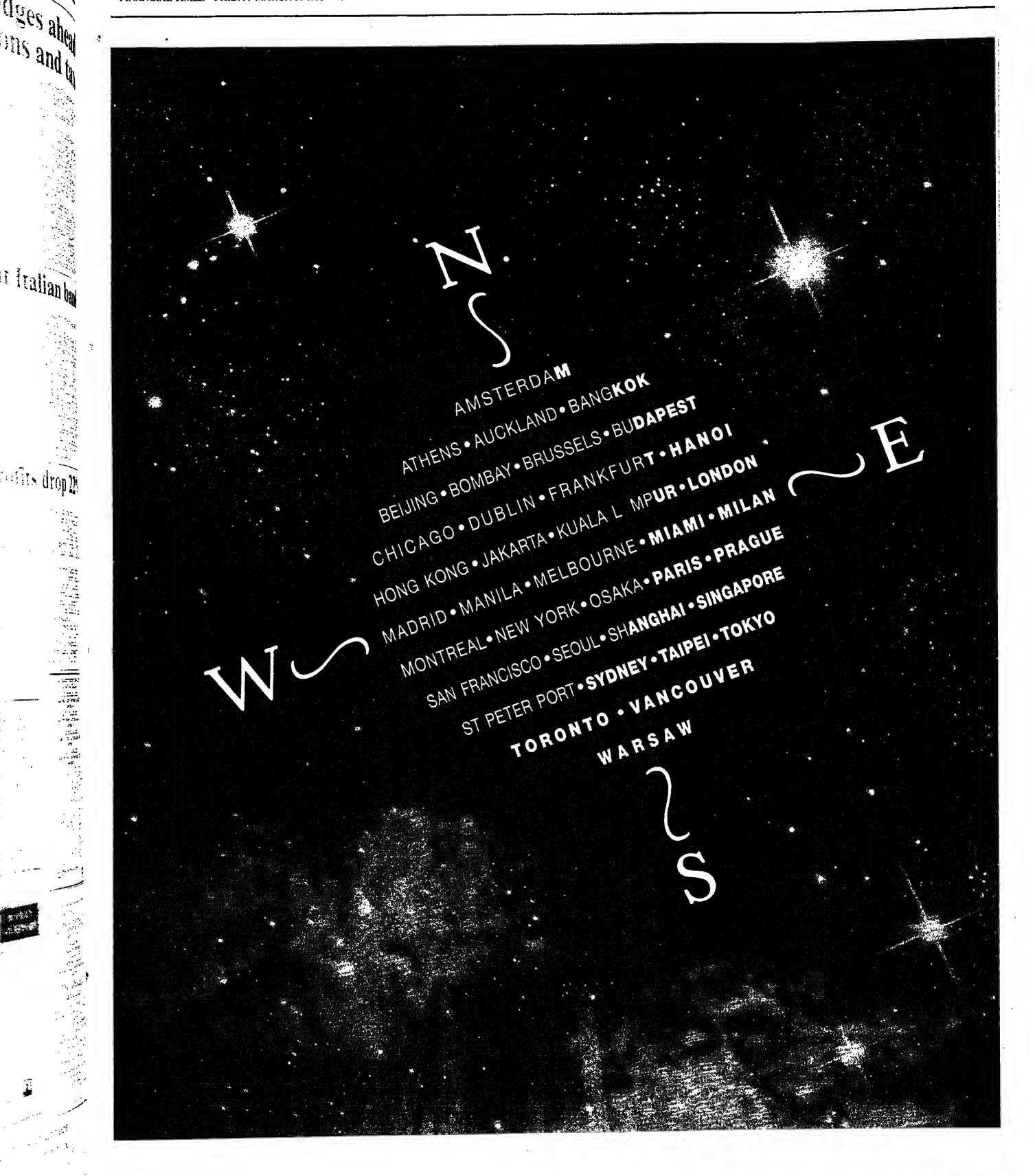
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Skandia







INVESTMENT BANKING. FROM A TO



INTERNATIONAL COMPANIES AND FINANCE

ING profits advance 13% for year

By Ronald van de Krol

Internationale Nederlanden Groep, the big Dutch financial services company which earlier this month rescued Barings Bank of the UK, posted a 13.5 per cent increase in net profit for 1994, in spite of a sharp drop in results on financial trading for its own

Net profit rose to Fl 2.3bn (\$1.48bn) from Fl 2.08bn in 1993, with the group's two core businesses of banking and insurance both posting double-digit

The dividend is set to rise by 7.4 per cent to F1 3.75. Mr Aad Jacobs, chairman, said much of the improvement was dne to results in the Netherlands, which he described as the "backbone" of

Dutch life insurance operations accounted for more

ING has turned down an

invitation to re-enter negotia-

tions for Budapest Bank, fol-

lowing Credit Suisse's decision

not to huy the state-owned

The Dutch group said the

purchase was no longer a pri-

ority, given that it had recently

acquired Barings, the collapsed UK merchant bank.

As recently as two weeks

By Virginia Marsh

life insurance earnings to Fl 953m from Fl 839m.

Non-life insurance earnings rose to Fl 295m from Fl 191m. with Fl 70m of the Fl 104m improvement reflecting a strong recovery in the Netherlands. Non-life business in the US had again been loss-making in 1994, but was expected to make an "attractive" contribution to results in 1995, Mr

Overall, pre-tax insurance profits were up 20.2 per cent, while banking results rose by 12.8 per cent. ING's banking results were

held back by a sharp decline in results from financial trading to Fl34m from Fl770m a year earlier. Like many other banks, ING was taken unawares early in 1994 by the sudden rise in international interest rates and turmoil on the foreign exchange markets. Mr Jacobs said he could not make a prediction for 1995

Bank, one of Hungary's top

The Dutch bank said it had

been interested in Budapest

Bank but that the timing of the

proposed purchase had become

a problem because of the Bar-

ings acquisition.
ING, which already has

banking and insurance subsid-

iaries in Hungary, is under-

stood to be interested in

acquiring one of four smaller Hungarian banks due for priva-

attempted to play down the

officials

tisation later this year.

Hungarian

four commercial banks.

Share price relative to the AEX index would not add to the volatility

ing uncertainty about share markets, interest rates and currency values.

On Barings, he said the UK merchant hank's losses appeared to be slightly lower than originally expected, but gave no figures He repeated that Barings

would be neutral for ING's

move. However, ING's decision

is a setback both for the bank

and the government's efforts to

speed up privatisation.

The sale of the bank would

have been only the second big

privatisation since the Social-

ist-led government took office

Mr Tamas Suchman, privati-

sation minister, said Budapest

Bank was better prepared for

privatisation than other state

other interested partners were

He added that talks with

last July.

banks.

making a positive contribution to earnings per share from

He emphasised that Barings

of earnings because much of the UK bank's profits were generated by asset management, a stable source of profits. Barings' brokerage business was almost back to normal, while asset management was proceeding better than originally thought. "Very few clients have left, some of them are still talking to us," he said. Mr Jacobs also announced that ING would like to raise its stake in Bank Slaski, the Polish bank in which It had acquired a 25.9 per cent stake

Since the beginning of 1995 ING has been selling life insurance through Slaski's offices, as part of the Dutch group's attempts to implement its "bancassurance" strategy on

as part of a government priva-

Bid invitation for Budapest Bank declined Credit Suisse, part of the Swiss financial services group CS Holding, was named pre-

tender last December. However, it withdrew abruptly this month, citing differences with the bank over

ferred biddar for Budapest

Bank after an international

future strategy. ING and Allied Irish Banks also submitted bids.

Allied Irish Banks, which has subsequently acquired a stake in a Polish bank, has indicated it is no longer

ago, ING indicated it might still be interested in Budapest **US** construction

group slumps in

first quarter

Kaufman and Broad Home, the US huilder, suffered a sharp drop in net income in the first quarter, agencies report. Net income fell to \$435,000 from \$8.85m, with earnings per share falling to 1 cent from 22 cents last time. Revenues dropped to \$229.8m from \$256.9m. The company blamed California's torrential rains. and weak fourth-quarter sales brought on by Federal Reserve

interest rate increases. Construction operating income fell 66.8 per cent to \$5.5m from a year ago, partly because of a decline in deliveries and a reduction in the bousing gross margin.

Solvay swings back into black

By Emma Tucker

Final results from Solvay, the Belgian chemicals and pharmaceutical group, confirm that the company staged a sharp turnround last year, swinging to a net profit of BF17.96bn (\$280m) from a loss of BFr6.91bn in 1993.

The group said it expected the recovery in profits to continue this year, helped by strategic investments and Sales increased by 7 per cent

earlier, in spite of the disposal of some of the company's activities.

In Europe, sales advanced by

3 per cent, against a 10 per cent drop in 1993. In the US, sales increased by 17 per cent and in Asia-Pacific, by 18 per

The group has expanded its proportion of sales made outside Europe to one-third of the total, compared with one quarter in 1991. Profit from exceptional items

to BFr262.2bn from a year

previous years.

totalled BFr1.02bn, compared with 1993's BFr2.95bn loss. The result was enhanced by capital gains on the sale of non-core assets, such as wood protection and tile adhesive

Net earnings per share jumped to a profit of BFr923 from a loss of BFr864 a year earlier. Solvay said.

The group maintained a dividend of BFr500 per share, unchanged from the two All sectors of the group

improved in 1994, except peroxygens. The recovery was most noticeable in plastics and

Solvay said the "clear improvement" was attributable to the strengthening of the European economy, and to the success of a recovery plan, in progress since November 1991. The plan includes

divestment of non-core activities, strict control ovar capital expenditure, and a reduction of fixed costs at the

Compaq signs up new supplier of PC chips

By Louise Kehoe In San Francisco

Compag Computer, the world's leading persunal computer manufacturer, is to use microprocessor chips from NexGen. a small California chin developer, in future products.

NexGen will join Intel and Advanced Micro Devices as Compaq's microprocessor suppliers.

The decision is a blow for Intel, which dominates the personal computer microprocessor market with its Pentium and 486 chips. Intel's share price dropped to \$84% in morning trading yesterday, down from Wednesday's close of \$871.

Compaq said NexGen had agreed to provide high perfor-mance "Pentium-class" and higher performance chips. Details of the agreement were not revealed but Compaq said it expected to introduce PCs containing NexGen chips within the next 12 months.

"This agreement with NexCen will help Compaq to deliver high-performance PCs that represent a greater value to the PC marketplace," said Mr John Rose, senior vicepresident and general manager of Compaq's Desktop PC

NexGen's microprocessors offer performance equivalent to, or slightly higher than, Intel's Pentium chips. NexGen's current prices are, however, about 20-25 per cent lower than Intel's. Although Compaq declined to detail its product plans, it appears likely the company will use NexGen chips in desktop PCs for the con

Compaq said the NexGen agreement reflected the company's strategy of finding multiple suppliers for components. The PC company said it expected its purchases of Intel microprocessors to continue to grow, and it also planned to continue using microprocessors from Advanced Micro Devices in current and future products.

The agreement with Compaq establishes NexCen as a serious competitor in the market for high-performance microprocessors. Previously, the company's microprocessors have been used only by smaller PC manufacturers. NexGen is also believed to be in discussions with IBM.

Sharp rise in inquiries by Spanish market regulator

A total of 124 cases were

By David White in Madrid

A tightening of inspection procedures by Spain's CNMV securities market commission has prompted it to initiate action over 348 alleged irregularities so far this year. That is almost three times the total for the whole of 1994, already a record year.

Mr Luis Carlos Croissier, CNMV president, said yesterday the number of cases reflected the reinforcement of controls, and the difficult conditions in Spanish markets since early last year.

Countering criticism of the CNMV's effectiveness, he said 1994 had been "the year of prudential supervision". Fines imposed rose to Pta4.38bn (\$34m) from Ptal.79bn in 1993. A third of last year's total of Ptal.5bn was levied on five

opened during the year and 60 brought to a conclusion, including 43 involving "very serious" offences. According to the CNMV's annual report, three of these were for insider

investigating 17 others.

cant shareholdings. The report said the commission had stepped up its investigation into unauthorised activities, focusing in particular on about 20 companies concerned with channelling Spanish investment into foreign options

and futures markets. Three cases involving irregularities at brokerage houses were handed over to prosecutors last year. Mr Croissier said that pre-tax profits hy regis-

unregistered financial bon- tered broker-dealers fell 25 per cent on average, and 20 houses. tiques. The commission is ceased activity.

The number of complaints received by the commission increased by almost 60 per

Out of 763 companies quoted at the end of 1993 on Spanish stock markets, 123 had since. been compulsorily delisted, Mr. dealing and 21 for failure to Croissier said. The total of declare the purchase of signifilisted companies shrank to 652 at the end of last year, a reduction of almost 15 per cent.

Trading volume on the stock markets rose almost 40 per cent to Pta9,086bn, while the Ibex 35 index of leading share prices fell 14.7 per cent.

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The CNMV's annual report described 1994 as "the year of greatest activity in the development of its inspection functions" since the commission was set up six years ago.

Iberia plans to wind up Viva Air

By David White

Iberia, the state-owned Spanish airline which is awaiting a decision by the European Commission on a planned Ptal30bn (\$1bn) capital injection, is proposing to wind up its profitable subsidiary Viva Air and absorb its charter operations.

The airline has abandoned earlier discussions on selling Viva Air, which has been operating scheduled and charter services and could have become a competitor to Iberia. Iberia said yesterday it had put the plan to unions repre-senting Viva Air's 516 employees, offering to absorb tha whole workforce "with equal rights" to those of the parent No date had been set for negotiations, it said.

In February, Viva Air pilots ssued instructions to lawyers to take legal action after their counterparts at Iberia secured an agreement with the parent company to taka over Viva Air's scheduled routes. They said the move would

benefit the less competitive parent by ending Viva Air's role as a regular airline. The agreement was part of a deal reached late last year in which Iberia pilots accepted

salary cuts of between 3 per cent and 15 per cent and called off strike action, to allow the Spanish government to approach Brussels over the capital injection. A previous Ptal20bn rescue

plan approved by the commission in August 1992 was tied to an understanding that Iberia would receive no further state

aid up to the end of 1996. Viva Air, set up in 1988 as joint venture with the German flag carrier Lufthansa, came under Iberia's control in

Iberia a number of unprofitable regular routes which could be more efficiently operated by the low-cost subsidiary.

Viva pilots say that losses have been cut on scheduled routes to Africa and the Middle East and in some cases, such as Tel Aviv, have been turned into profits.

Iberia indicated that its proposed absorption of the Viva Air fleet might take two

It said it did not believe the European Commission would have grounds to object to the

Car park group to raise DM85m

By Andrew Fisher in Frankfurt

A German car parking management company created as a buy-out from a US group four years ago plans to join the growing list of new issues on the German stock market. It intends to raise about DM85m (\$65.3m).

Apcoa Parking - formerly Airport Parking Corporation of America - plans to sell shares to investors in Germany, other European countries and the US. Turnover last year rose 14.5 per cent to DM176m and operating profits by 14 per cent to DM12.6m. Compared with such planned

initial public offerings as E. Merck pharmaceuticals, which is expected to raise at least DM2bn, or SKW Trostberg chemicals (DM1bn), the Apcoa issue is small. But the IPO calendar includes other small companies such as Hucke (clothing), now raising

Mr Peter Fischer, Apcoa's chief executive, said half the IPO proceeds would repay debts and half would finance

As well as managing car parks at airports, exhibition centres and hotels, it handles street parking for Westminster in London and central Berlin. Apcoa hopes to come to the market after Easter. Trinkaus & Burkhardt, owned by Midland Bank, and S.G. Warburg will lead the issue.



Highlights 1994

Hongkong Land

Solid Earnings Growth

- Profit after taxation
- Earnings per share Dividends per share

Net asset value per share

+ 15%

+ 18%

- Shareholders' funds US\$9,061 million
- Net debt US\$73 million
- Investment properties fully let

"Rental levels in Hong Kong are likely to weaken in 1995 and property values are expected to decline from the record levels reached in 1994. The Group's rental income during 1995 will, however, continue to benefit from positive reversions. Honokong Land's strong financial position enables it to look to the future with confidence.

Simon Keswick, Chairman 30th March 1995

1994 RESULTS .		
	Year ended 31 1994 US\$m	st December 1993 US\$m
Net income from properties	414.8	392.6
Profit before taxation Taxation	423,4 (57.9)	356.1 (49.6)
Profit after taxation Extraordinary item	365,5	306.5 213.2
Profit attributable to Shareholders Dividends	365.5 (301.2)	519.7 (261.7)
Retained profit for the year	64.3	258.0
	US¢	US¢
Earnings per share Dividends per share	13.94 11.50	11.71 10.00
	USS	US\$
Net asset value per share	3.45	2.93

Hongkong Land Holdings Limited Incorporated in Bermuda with limited liability



A member of the Jardine Matheson Group



THE HOTEL GROUP SM Highlights 1994

Mandarin Oriental

A Return To Growth

- Profit after taxation
- Earnings per share
- + 20% + 19%
- Dividends per share
- + 10%
- Portfolio expanding with additional hotels in the United Kingdom, North America

"The Group's Hong Kong hotels should continue their strong performances in 1995 and some improvement is expected in other markets. The addition of new hotels will further enhance the portfolio. Mandarin Oriental's strong balance sheet enables it to take advantage of the opportunities which are now becoming available and the outlook for the future is encouraging."

Simon Keswick, Chairman 30th March 1995

	Year ended 31	et December
	1994 US\$m	1993 US\$m
Turnover	183.4	158.8
Profit before taxation Taxation	58.4 (9.5)	48.0 (7.1)
Profit after taxation Minority interests	48.9 (0.1)	40.9 (0.1)
Profit attributable to Shareholders Dividends	48.8 (37 <u>.</u> 9)	40.8 (34.0)
Profit before taxation exation Profit after taxation Itinority interests Profit attributable to Shareholders	10.9	8.8
	USe	US¢
Earnings per share	7.13	8.00

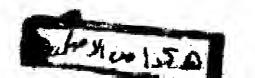
Incorporated in Bernuda with limited liability



A member of the Jardine Matheson Group

5.00

room: * Burn Talley, Ngare, Koh Sarout, Tholland * Phuker Yache Club, Thoiland * Hole! Unit Vises, Macau * The Excelsor, Hong Kong !



INTERNATIONAL COMPANIES AND FINANCE

Morgan Grenfell's board takes a gradualist approach to merger

mong acquisition experts there is an A experts there is an article of faith: a smart buyer moves quickly in asserting control over its target.

nquiries by et regulator

Morgan Grenfell, the UK merchant bank, which reported its results yesterday, should understand that as well as any house. It made hostile takeovers a speciality in the early 1980s and remains one of Europe's leading financial

But Morgan Grenfell believes the rule does not apply in its own case. Its merger with Deutsche Bank has been in

The German bank bought Morgan Grenfell in 1989 for £950m (\$153.2m). Parent and subsidiary co-existed for five years and only last year agreed to merge and build their investment banking operations in London. Implementation of the plan is also taking time.

Mr John Craven, chairman of Morgan Grenfell and a member of Deutsche Bank's management board, says change will be evolutionary. There is certainly not going to be one Monday morning an announcement that everything has fallen into place and we have an all-singing, all-dancing investment bank," he says. "It won't work like that. It's not

Some steps have been taken. Deutsche Bank and Morgan Grenfell have set up a joint 12-man investment banking "central committee". Plans are under way to streamline management, Executives hope to determine the structure of the

Deutsche Bank and Morgan Grenfell have taken the first steps in building up an international equity distribution busi-

Fixed-income operations - which handle products such as bonds - have been split off from equity.

Morgan Grenfell hired Mr Maurice Thompson and Mr Michael Cohrs from UK investment bank S.G. Warburg to set up a unit for equity capital markets - which syndicates equity issues. Appointments, or poaching, of equity researce and sales staff will follow.

But the integration has proceeded at a pace that Morgan ate and their rivals term slug-gish. A set of 16 working groups have been analysing espects of the merger. The first recommendation arrived only a fortnight ago.

You are very unlikely to see us make a big acquisition or come out suddenly with a new name and structure," says Mr Michael Dobson, chief executive of Morgan Grenfell and head of the joint investment banking committee.

ne factor is the desire of senior management to smooth the transition, and muffle the collision of Germany's biggest universal bank with a patrician English

Morgan Grenfell executives are most sensitive to - and dismissive of - suggestions of a takeover by Deutsche Bank or a reverse takeover by Morgan Deutsche Bank, like many

German companies, value consansus mora than Anglo-Saxon counterparts. Mr Dobson defuses the issue of the balance of numbers on the joint committee. "I genuinely haven't added it up." he pro-

Perversely, market turmoil facilitates gradual organic growth of the equity business of the combined investment

Approaches by key individuals, such as Mr Thompson, owe something to the perceived opportunities at a house backed by Europe's most powerful bank. Mr Dobson con-cedes, though, that trouble at other investment banks makes dented individuals more willing to contemplate a move.

Change has been measured ahove all because investment banking is, Mr Craven says, "a people business". Morgan Grenfall maintains that a

The fear is that embitte staff of a house taken over will

leave for competitors and destroy the value of the target. Mr Craven knows the danger. In the 1980s he ran a boutique which advised on many of the takeovers of stockbrokers during the decade.

"I consistently advised acquirers to be very subtle about how they sought to run the business. They consistently ignored my advice, as a result of which a lot of the good

of which a lot of the good stockbroking businesses have disappeared," he says.

"Where is Scrimgeour Vickers?" he asks, referring to a once famous stockbroker which lost staff after being taken over by Citicorp of the

s head of Morgan Grenfell, and a trusted col-league of Deutsche Bank executives, Mr Craven has been in a stronger position to implement his slow-motion nhilosophy on acquisitions in investment banking.

Mr Craven maintains Deut sche Bank's acquisition of Morgan Grenfell is a case study Morgan Grenfell claims not to have lost a single executive to a mainstream competitor in the five years since Deutsche Bank bought in.

The two banks see no reason to change thair strategy Everybody thought the merger was an accident waiting to happen," says Mr Craven. "It hasn't happened, it won't happen."

Nicholas Denton

Dealing profits decline to £50m

Falling debt markets caused a 75 per cent fall in 1994 dealing profits at Morgan Grenfell, the UK merchant bank.

Morgan Grenfell yesterday said it had not seen a repeat of the very favourable trading environment of 1993, which had helped the bank to dealing profits of £200m, but they dropped to £50m (\$806.4m) in the year to December 31.

Emerging markets debt fell in price more sharply than securities in more developed markets in 1994's first quarter, Morgan Grenfell, with turnover in emerging market debt of \$153bn in 1994, suffered.

It said it had weathered the financial crisis in Mexico well later in the year. "With debt dealing wa actually made money rather than lost following the onset of the Mexican crisis."

But it conceded that further falls in debt markets in developing countries and extreme volatility in the first three months of this year had resulted in a fur-

"We have sustained losses in some areas, made profits in others and in the emerging market bond business we are probably breaking even."

Morgan Grenfell's profit before tax of £150.2m was 34 per cent down. Bonuses fell over £30bn.

as a consequence; salaries and other administrative costs fell 240m.

But Morgan Grenfell stressed that, omitting the exceptional period of 1993-94, profits had grown steadily since Deutsche Bank of Germany came in as owner in

The result represented a pre-tax return on average capital employed of 32 per cent, above the average for the sector.

Fees and commissions from advisory, broking, underwriting and asset mana ment businesses were a record £323m. Funds under management at Morgan Grenfell Asset Management grew £4.6bn to

Strong advance in earnings at PDVSA

Net profit of Petroleos de Venezuela (PDVSA), the comtry's national oil company, jumped to \$2.01bn for 1994, from \$1.09bn in 1993, on worldwide revenue of \$22.2bn, up

Revenues from oil exports

increased 7 per cent and the group's international holdings. PDVSA and private c company said results from the were also good.

Mr Erwin Arrieta, Venezuemines, said \$1.8bn of PDVSA's profits came from activities within the country, while \$213m was derived from the

Later this year PDVSA will petrochemicals, coal and ori-mulsion (boiler fuel) divisions profit-sharing contracts in exploration and production of oil and gas. This will be the lan minister of energy and first time the company has opened up to private equity investment in these areas since the Venezuelan oil industry was nationalised in 1976.

nies already have 13 operating agreements, under which outside companies extract oil and gas from so-called "marginal" oil fields. However, investments in these marginal fields do not provide private firms with equity rights, and opera-tors must sell all oil and gas produced to PDVSA.

RECOMMENDED FINAL CASH OFFER

Morgan Stanley & Co. Limited on behalf of

Commerz Asset Management (UK) plc ("CAM(UK)"), a subsidiary of

Commerzbank AG.

for

Jupiter Tyndall Group PLC ("Jupiter Tyndail")

Morgan Stanley & Co. Limited ("Morgan Stanley") announces on behalf of CAM(UK) that, by means of a formal offer document dated 30th March, 1995 (the "Offer Document") despatched yesterday and by means of an advertisement in the "Evening Standard" on 30th March, 1995, CAM(UK), through Morgan Stanley, made an offer (the "Offer") to acquire Jupiter Tyndall. The Offer is final and will not be increased, except that CAM(UK) reserves the right to revise and/or increase the Offer if a competitive situation (as determined by the Panel) arises. Terms defined in the Offer Document have the same

The Offer comprises 420p in cash for each Juniter Tyndall Share.

Accepting Jupiter Tyndall Shareholders (other than the overseas persons referred to below) may elect to receive Loan Notes in respect of all or part of the cash to which they would otherwise be entitled under the Offer on the basis of £1 nominal of Loan Notes for each £1 cash consideration (the "Loan Note

In addition to the consideration psyable under the Offer, the directors of Jupiter Tyndall have declared a second interim dividend of 10.0p (net) per share payable to holders of Jupiter Tyndall Shares on the register at the close of business on 18th April, 1995. The second interim dividend is to be paid on 28th April, 1995 and will be in lieu of any final dividend for 1994. CAM(UK) will not be entered in the register of members of Jupiter Tyndall in respect of any Jupiter Tyndall Shares which have been assented to the Offer until after the record date for the second interim dividend.

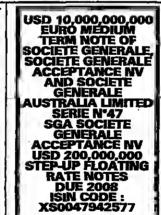
The full terms and conditions of the Offer and the Loan Note Alternative are set out in the Offer

The Offer is not being made directly or indirectly in, and the Offer Document and the accompanying Form of Acceptance are not being mailed or otherwise distributed or sent, in whole or in part, in or into, the United States or Canada. The Loan Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, the relevant clearances have not been and will not be obtained from the securities commission of any province of Canada and no prospectus has been or will be lodged with, or registered by, the Australian Securities Commission. Accordingly, the Loan Notes may not be offered, sold, resold, or delivered, directly or indirectly, in or into the United States, Canada or Australia.

The Offer is being made by means of the Offer Document and the advertisement referred to above and is capable of acceptance from and after 3.00 p.m. on 30th March, 1995. Acceptances of the Offer should be received by not later than 3.00 p.m. on 20th April, 1995 (or such later time(s) and/or date(s) as CAM(UK) may, subject to the rules of the City Code, decide). Copies of the Offer Document and Forms of Acceptance will be available for collection from The Royal Bank of Scotland plc, Registrar's Department, New Issues Section, 67 Lombard Street, London, EC3P 3DL.

This advertisement is published on behalf of CAM(UK) and has been approved by Morgan Stanley, which is a member of The Securities and Futures Authority, solely for the purposes of Section 57 of the Financial Services Act 1986.

The members of the board of managing directors of Commerzbank AG (the ultimate holding company of CAM(UK)) accept responsibility for the information contained in this advertisement and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.



For the period March 30, 1995 to June 30, 1995 tha new rate has baan fixed at 6,75 % P.A. Next payment date: June 30, 1995 Coupon nr : 6 Amount: USD 172,5 for the denomination of

USD 10 000 USD 1725,for the denomination of USD 100 000

THE PRINCIPAL
PAYING AGENT
SOGENAL
SOCIETE GENERALE
GROUP
15, Avenue Emile Reuter
LUXEMBOURG

U.S. \$100,000,000 Floating Rate Subordinated onn Participation Certific due 2000

issued by The Nikko Securities Co. (Deutschland) GubH for the purpose of funding and

> The Ashikara Bank, Ltd.

Notice is hereby given that for the three months interest Period from 31st March, 1995 to 30th June, 1995 the Certificates will carry a Compon Rate of

Coupon psysble on 30th June, 1995 will amount to U.S. \$1,682.16 per U.S. \$100,000 Certificate.

the shareholders

Notice of Annual General Meeting

n to the shareholders that the Annual General Meeting of the Company will be held at the , on Wednesday, 26 April 1995, commencing at 10.30 a.m. (entrance Brüglingerstrasse/ the doors of the assembly hall will open at 9.00 a.m.).

Profit carried fo SFr 5,992,980 SFr 551.848.235 SFr 498,984,595 SFr 46,963,256

A total dividend payment of SFr 498,984,595 is equivalent to a gross dividend of SFr 17 per share of SFr 20 per

SFr 5,900,384

Electrons to the Board of Director.

Pursuant to Article 22:T of the Articles of Association, the team of office of Prof. Halmut Sihler will expire. He is eligible for re-election. It is proposed that Prof. Halmut Sibler be re-appointed. The Board of Directors also proposes the election of Prof. William J. Rutter, Chairman of the Board of Chiron Corporation, resident in San Frencisco/USA, as a new member of the Board of Directors.

The Board of Directors proposes the retention of the current Coopers & Lybrand AG, for e further year.

Appointment of auditors for the Group

The Board of Directors proposes the retention of the current at

Coopers & Lypsing AG, for e further year.

The annual report (line) ding the accounts and the consolidated accounts) and the auditors' report for 1994 will be shareholders at the Registered Office of the Company® from Thursday, 30 March 1995 onwards. hese reports will begin to registered shareholders; they will also be supplied to holders of bearer shares on written

ered in the Share Register on 6 April 1995 as entitled to vote will be sent a registration card together with the source of the Annual General Meeting. After this has been returned, the registered shareholder will be on and voting papers, It will greatly assist the Share Registry in its preparations for the meeting the Card is returned so as to reach the Company by 12 April 1995. Holders of registered shares not yet

Register on 6 April 1995 may obtain a ticket of admission and voting papers from their bankers or istered Office of the Company*, provided their application for registration as shareholders has been lodg | Company by this date and is not refused.

wer shares may obtain a ticket of admission and voting papers from their bankers or direct from tha Office of the Company against temporary surrender of their share documents.

hareholders who sell their shares before the Annual General Meeting are no longer entitled to vote. In the case of sales of only sorna of the shares stated on the ticket of admission, the ticket must be presented for correction at the AGM Office (GV-Būro) before the Annual General Meeting begins.

Voting rights
Politically Political Acticles of Association, no person is entitled to votes representing more than 5 per cent of the analysere capital in respect of the aggregate of shares he or sha owns plus any shares he or she represents by proxy.

Pursuant to Addica 3.4 of the Articles of Association, a shareholder may appoint as proxy for a General Meeting only his or her lawful to present tive or another shareholder present in person at the meeting. The Instrument of proxy on the reverse of the registration card or ticket of admission must be used for this purpose. A shareholder may also on the reverse of the egistration card or ticket of admission must be used for this purpose. A shareholder may also appoint the Company the Ciba-Geigy Employee Shareholding Foundation, or the independent proxy named on the instrument of proxy. In which case votes will be cast according to the proposals of the Board of Directors unless

there are clear instructions to the contrary.

Representatives

Swiss banks and professional securities administrators are asked to notify the number and type of the shares they Pepresent to the Company as early as possible, and in any event not later than the day of the Annual General Meeting, the AGM Office (GV Suro).

For the Board of Dig of Ciba-Gelgy Limited



Secretary, Klybeckstrasse 141, CH-4057 Basel



1994 ANNUAL RESULTS

«These are encouraging results. We made progress in the face of tough pricing and cost pressures. We built operating margins and gained share in key markets. We turned around unprofitable businesses, increased the impact of innovation and we invested at record levels. The introduction of what we call World-Class Manufacturing is beginning to transform our operating culture, and is making its first contribution to our financial performance. Cashflow reached an all time high, debt was reduced and productivity rose by 8%. We are in good shape».

B. Jürgen Hintz, Chief Executive Officer

v. # 12.23.	100		92
Turnover Operating profit	24 890 2 200	24 340 2 058	+2% +7%
Net attributable profit	950	835	+14%
Earnings per share Cash flow per share	FF 11.60. FF 30.80	FF 10.30 FF 27.30	+13%
Proposed dividend	FF 4.40	FF 4.00	+10%

The 2% junature increase was driven by solid 5% internal growth. This was broadly based with Europe up 4%, Asia up 7%, Africa up

13%, and North America up 2%. Operating profits grew 7% to FF 2.2 billion, Cost containment and significantly improved manufacturing performance more than offset customer pressure on prices and increases on raw materials. Combined with an 8% increase in productivity, driven by previous restructuring, this raised operating margins from 8.5% to 8.8%.

Net attributable profit rose 14% to FF 950 million. Earnings per share advanced 13%.

An increase in the net dividend of 10%, to FP 4.40, will be proposed at the ACM.

BOLIVIA MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION

THIRD NOTICE

ANNOUNCEMENT OF THE INTERNATIONAL PUBLIC BID FOR THE CAPITALIZATION OF ENTEL BOLIVIA REF. MC - 02/95

TERMS OF REFERENCE FOR PRE-SELECTION BASED ON MERITS AND EXPERIENCE

The Ministerio Sin Cartera Responsable de Capitalización (the "Ministry"), in accordance with the provisions established to Law No. 1544 dated March 21, 1994 (the "Capitalization Law"), and the SAFCO Law No. 1178 dated July 20, 1990 (the "SAFCO Law"), and their related regulations, invites the general public to an international public bid (the "Tender") for the pre-selection of bidders and the subsequent subscription of shares of the Empresa Nacional de Telecomunicaciones (ENTEL).
The Tender will consist of two stages. The first stage will be the pre-selection of prospective bidders and the second stage will be the submission of economic offers by the pre-

Any person or entity, individually or collectively, national or foreign, that shows that it is an operator or is related to one as defined in the Terms or Reference, may present a pre-

Volume of Operations Requireme

Provision of telephone services to more then the number of principal lines in service as defined in the Terms of Reference, or susual revenues in excess of a minimum amount hished in the Terms of Reference resulting from the rendering of these services.

Compliance with the percentages required in the Terms of Reference with respect to the following items: repair of malfunctions within 24 hours from receiving the first request for service, long distance telephone calls completed and installation to new telephone users within 30 days from when solicited.

Financial and other Requirements nts to be presented with the pre-selection submission include but are not limited to the followin

Letter of Intent to participate in the pre-selection process.

Due authorization of personnel.
 Reports and sudied financial statements for the last three fiscal years.

Credit ratings for long and short term debt according to Moody's or Standard and Poor's, as set forth in the Terms of Reference.
 Sween statement regarding the financial condition of the bidder, as set forth in the Terms of Reference.
 The Bidders may formulate questions to the Ministry in connection to the pre-selection, up until and including April 17, 1995.

Place of acquisition for the Terms of Reference

The Terms of Reference for the Pre-Selection based on Merits and Experience" may be obtained beginning March 22, 1995 in the offices of the Ministry, located at Aventida Mariscal Santa Cruz, Palacio de Comunicaciones, piso 17, La Paz-Boliviz, between 9:00am and 6:30put. The telephone number is (591-2) 368-819 and the facsimile number is

tion submissions will be received at the address indicated above until 6:00pm, on April 21, 1995. The envelopes will be opened at the offices of the Ministry, at the address ned above, on April 21, 1995 at 6.30 pm.



Prior of Terms or Research
Twenty thousand 00/100 US Dollars (Sos. 20,000,00) paid in bolivizatos at the official exchange rate on the day of purchase. For these purposes the special account No. 08-D-827 carrying the same "Ministerio de Capitalización" has been opened in the Banco Santa Cruz S.A., Avenida Camacho No. 1448 Telephone: (591-2) 370481 and Facsimile (591-2) 358259/369279, La Paz - Bolivia

La Paz, March, 1995 NESTERIO SIN CARTERA

BOLIVIA

For more information, call the Ministry at (591-2) 368-619 or send a facsimile to (591-2) 374-625

MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION SECOND NOTICE

ANNOUNCEMENT OF THE INTERNATIONAL PUBLIC BID FOR THE CAPITALIZATION OF ENDE BOLIVIA REF. MC-01/95

TERMS OF REFERENCE FOR QUALIFICATION BASED ON MERITS AND EXPERIENCE

The Ministerio sin Cartera Responsable de Capitalización (the "Ministry"), in accordance with the provisions of the Capitalization Law No. 1544 dated March 21. 1994 (the "Capitalization Law") and the SAPCO Law No. 1178 dated July 20, 1990 (the "SAFCO Law") and their respective regulations announces to the general public the International Public Bid (the "Tender") for the qualification and the subsequent subscription for 50% shareholdings in Empresa Corani S.A.M., Empresa Guaracachi S.A.M. and Empresa Valle Hermoso S.A.M. (together the "Generators"), being formed from the Empresa Nacional de Electricidad S.A. ("ENDE" S.A.).

The Tender will consist of two stages. The first stage will be the qualification of prospective bidders and the second will be the submission of economic offers by

In July, 1994, the Ministry reviewed the submissions of parties interested in the Tender and classified 31 such parties, listed below, as pre-selected companies (the

"Pre-Sciected Companies"). 1. AES AMERICAS INC.

- BHP POWER INC.
- CENTRAL AND SOUTH WEST CORPORATION
- CHILECTRA S.A.
- CHILGENER
- CMS GENERATION
- COMMUNITY ENERGY ALTERNATIVES INCORPORATED CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
- CONSOLIDATED HYDRO, INC. 10. CONSTELLATION ENERGY INC.
- 11. COMPAÑIA BOLIVIANA DE ENERGIA ELECTRICA S.A.
- COBEE BPC
- 12. DESTEC ENERGY INC.
- 13. DOMINION ENERGY, INC.
- 15. ENRON DEVELOPMENT CORP.
- 14. ENERGY INITIATIVES, INC.
- 16. ENTERGY POWER DEVELOPMENT CORPORATION 17. EMPRESA NACIONAL DE ELECTRICIDAD S.A. - ENDESA 18. FALCON SEABORD POWER CORPORATION
- GESTION ELECTRICA EMPRESARIAL S.A.
- 20. HOUSTON INDUSTRIES ENERGY INC. 21. IBERDROLA S.A.
- 22. LG & E POWER DEVELOPMENT INC.
- 23. LIBERTY POWER LATIN AMERICA/COGENTRIX
- 24. O'BRIEN ENVIRONMENTAL ENERGY
- 25. ONTARIO HYDRO INTERNATIONAL INC.
- 26. SADE INGENIERIA Y CONSTRUCCIONES S.A. 27. SOUTHERN ELECTRIC INTERNATIONAL CHILE
- 28. TAUERNKRAFTWERKE A.G.
- 29. THE NATIONAL ORID COMPANY PLC 30. TRACTEBELS.A.

31. WESTCOAST ENERGY INTERNATIONAL INC. Qualification submissions will only be accepted from Pre-Selected Companies or their affiliates or groups containing Pre-Selected Companies or their affiliates. Each qualification submission must evidence satisfaction of the criteria contained in the Terms of Reference for Qualification based on Merits and Experience (the

"Terms of Reference"), which are summarized below. Each bidding group must contain an operator which toests the following criteria:

- general experience in the electricity generating industry; specific experience owning and operating one or more substantial hydro or thermal power plants
- a minimum generating efficiency a minimum net worth
- and maximum total asset to equity ratio.

Additionally, the combined net worth of the operator together with certain other specified members of the bidding group must meet or exceed a minimum level. Date and Place of Presentation of Qualification Submiss

Qualification submissions will be received at the address Indicated below until 6:00 p.m. May 2, 1995, and opened immediately thereafter.

Date and Place of acquisition of the Terms of Reference:

The Terms of Reference may be obtained at the offices of the Ministry located at Avenida Mariscal Santa Cruz, Palacio de Comunicaciones, Floor 17, La Paz Bolivia, between 9:00 a.m. and 6:30 p.m. from 31 March 1995 to the day immediately preceding the final date for the filing of qualification submissions. The telephone number is (591-2) 355388 and the facsimile number is (591) \$112823.

US\$ 5,000 (Five Thousand US Dollars) paid in bolivianos at the official exchange rate on the day of purchase. For these purposes the special account No 08 - D - 827 carrying the name "Ministerio de Capitalización" has been opened in Bauco Santa Cruz S.A., Avenida Camacho No. 1448 Le Paz, Bolivia Telephone: (591-2) 370481 and Facsimile (591-2) 358259/369279, La Paz - Bolivia. La Paz, March, 1995

MINISTERIO SIN CARTERA RESPONSABLE DE CAPITALIZACION



CAPITALIZATION OF

YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS (Y.P.F.B.), THE NATIONAL OIL COMPANY OF THE REPUBLIC OF BOLIVIA

PUBLIC INVITATION

THE MINISTRY OF CAPITALIZATION OF THE REPUBLIC OF BOLIVIA AND Y.P.F.B., INVITE COMPANIES DEDICATED TO THE OIL AND GAS INDUSTRY TO PRESENT EXPRESSIONS OF INTEREST WITH REGARD TO THE SELECTION OF A PARTNER OR PARTNERS FOR THE FUTURE CAPITALIZED Y.P.F.B.

ALL REQUIRED DOCUMENTATION AND INFORMATION CAN BE OBTAINED FROM OUR AGENT, CAISSE DES DÉPÔTS - DÉVELOPPEMENT "C3D". COST OF THE DOCUMENTATION: \$US. 400.-

Address:

Caile Hermanos Manchego # 2571 La Paz - Bolivia

Telephones: (591-2) 379452 - 379428 - 391945

(591-2) 391614

La Paz, March, 1995

RPS

Residential Property Securities No.3 PLC

£95,000,000 Class Al Notes

£150,000,000 Class A2 Notes

000,000,23 Class B Notes

Mortgage Backed Floating Rate Notes due 2025 In accordance with the provisions of the Notes, notice is hereby given

that for the three month period 29th March 1995 to 29th June 1995, the Class Al Notes, Class A2 Notes and Class B Notes will carry an interest rate of 7.1%, 6.97% and 8% per annum respectively. The interest payable per £100,000 Note will be £807.82 for the Class Al Notes, £1,756.82 for the Class A2 Notes and £2,016.44 for the Class B Notes.

ABBEY NATIONAL

Abdij Nationaal First Capital B.V.

U.S. \$75,000,000 Subordinated Guaranteed Floating Rate Notes Due 2002

For the Interest Period 30th March, 1995 to 29th September, 1995, the Notes will carry an Interest Rate of 6.3125% per annum, the Coupon Amount payable per U.S. \$1,000 Note will be U.S. \$32.09, and for the U.S. \$10,000 Note, U.S. \$320.89, and for the U.S. \$100,000 Note, U.S. \$3,208.85, payable on 29th September, 1995 Listed on the London Stock Exchange

Bankers Trust Company, London

Agent Bank

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INTERNATIONAL COMPANIES AND FINANCE

Bull to expand in Asia with IPC deals

By John Ridding in Parls

Groupe Bull of France and IPC of Singapore yesterday announced a series of joint ventures and distribution agreements in a move which paves the way for the Asian computer manufacturer to participate in the privatisation of its French partner.

In a joint statement, the companies said they would establish joint ventures in "smart card" and point-of-sale technologies, personal computing and the manufacture of printed circuit boards.

Mr Jacques Noels, head of ZDS, the personal computer arm of the French state-owned group, said Bull had long sought a partnership with a leading regional supplier. *Our agreement with IPC fulfils this requirement. It will enable us to bring our products, desktops, portables and mobiles, to

The agreements mark a sig-

provide technology and a European distribution network for

a market that is growing by more than 17 per cent a year."

and chief executive of IPC, said the joint ventures would allow nificant step in Bull's strategy his group to move into higher

history.

of expanding in Asia and will value-added activities. "In addition, we will be able to tap Bull's sales channels to enhance IPC's marketing and distribution network in Europe," he said.

after yesterday's signing of a memorandum of understanding. But under the terms of the agreement, the two companies will set up four joint ventures - two in the field of smart cards (devices used, for example, in banking and identity cards), one in the manufacture of ZDS products and one (in Mr Patrick Ngiam, chairman Guangdong in southern China)

port increased by 9.2 per cent to 14.1m, the

biggest annual increase in the airport's 70-year

The number of flight operations handled

rose by 3.1 per cent to 228,509. Costs fell by DKr9m to DKr700m and airport

employees by 34 people to 1,170.

The airport invested DKr819m, including

new gates and initial expenditure on a new

A significant improvement in earnings is

Yamaichi Securities in

Yamaichi Securities has agreed to link with

three Chinese securities houses in the mergers

and acquisition business, Reuter reports from

Yamaichi and China Southern Securities in

Shenzhen, China Guotai Securities in Shanghai, and China Securities in Beijing will

exchange information on companies that hope to invest in or purchase companies of either

Yamaichi expects many Japanese manufac-turers to move output to China because of the

strong yen, a spokesman said.

Malaysian betting

Chinese M&A link

in the manufacture of circuit

Details remain to be finalised

Company officials declined to comment on the prospects for IPC to invest in Bull as part of the ongoing privatisation of the French group. But the Singapore company is expected to take a stake of between 5 and 10 per cent as part of the French state's plans to reduce its 76 per cent holding to a minority.

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The operation now seems set to take place in two phases. The first phase is likely to see NEC of Japan raise its investment in Bull from just under 4 per cent to about 17 per cent. Motorola of the US may also take a stake in its French technological partner.

NEWS DIGEST

Leading Greek bank posts record year with Dr38bn

Alpha Credit Bank, Greece's largest private bank, reported a 27 per cent increase in pre-tax profits in 1994 to a record Dr38bn (\$168m),

writes Kerin Hope in Athens.
Consolidated pre-tax profits for the Alpha group, which includes banking, leasing and brokerage subsidiaries, totalled Dr44bn last

year, a 21 per cent rise. Alpha Credit Bank last year paid £42m (\$67m) to acquire a London-based bank from a Greek shipping group and also established a new bank in Romania, in which the European Bank for Reconstruction and Development holds an equity stake.

Operating profits rose by 24 per cent last year to Dr35.8bn, but operating expenses also increased by 24 per cent following a large wage settlement that ended a prolonged dispute with the bank's union.

Mr Yannis Costopoulos, chairman, said growth in interest income was low in 1994 because of a sharp rise in deposit rates during a four-week currency crisis, when the central bank increased short-term interest rates to record levels in order to protect the drachma against speculative attacks. However, losses during the currency crisis

were offset by an adjustment in book values as the bank's balance sheet was restructured, which added Dr5bn to 1994 income, he said. The bank increased its deposit base by 11.7 per cent to Dr1,319bn in 1994, while overall lending expanded by 18 per cent to

MasterCard to test replenishable card

MasterCard International, the credit card company, is to begin pilot trials in Canberra for a replenishable "chip" card later this year, writes Nikki Tait in Sydney. The pilot project, which is being carried out in co-operation with Australia's four biggest banks and Standard Chartered, will run for nine months.

Participants will be issued with a credit or debit card (or a "combo" card), which incorporates a microchip. This can be "loaded" with specific monetary value from the cardholder's account, subject to whatever restrictions the issuing banks lay down.

card, the cost will be deducted from the stored

value on the card. As money on the chip runs down, the holder will be able to replenish the stored value" at various locations. MasterCard says it is the replenishable element to the card which makes it unique. A number of merchants are being lined up to accept the chip cards during the trial period including petrol stations, convenience stores and a specialty retailer.

Rising demand lifts Bobst 34.7%

Bobst, the Swiss packaging machinery maker, said consolidated net income jumped 34.7 per cent last year to SFr60.5m (\$53.28m), due to a strong rise in demand. Sales rose 12.9 per cent to SFr1.05bn, and were 18.7 per cent higher in local currencies, writes Ian Rodger in Zurich.

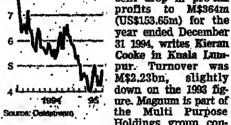
The directors are proposing 11.8 per cent increases in dividends on the bearer and registered shares and expect further increases in sales and profits this year. Sales activity in North America and Asia, with the exception of Japan, was said to be intense, while in Europe a moderate rise in demand continued.

Copenhagen Airport advances to DKr180m

Copenhagen Airport, partly privatised in 1994, increased net profits to DKr180m (\$32.67m) last year from DKr140m and pre-tax profits to DKr277m from DKr225m in 1993, writes Hilary Barnes in Copenhagen.

An unchanged 8 per cent (DKr6) per share dividend was proposed. Turnover rose to DKr1.2bn from DKr976m after a record year when the number of passengers using the air-

group slips 12% Magnum, the Malay-sian lottery and betting company, has announced a 12 per Share price (M\$) . cent drop in pre-tax profits to M\$364m



pur. Turnover was M\$2.23bn, slightly down on the 1993 figure. Magnum is part of the Multi Purpose Holdings group controlled by Malaysian Chinese entrepreneur Mr Lim Thian Kiat. Magnum said that in spite of

(US\$153.65m) for the

year ended December

It said the decline in profit was due to high prize payouts plus lower returns from the surplus funds because of low interest rates.

the drop in profits, it was optimistic about the

Ghana Telecom to be privatised

Ghana has unveiled an ambitious plan to plug itself into the international information revolution by privatising its state telecommunications company, Reuter reports from Accra.

Under the plan, announced by Mr Edward

ister, Ghana Telecom will be privatised by finding a strategic investor to help strengthen its technological base and train its staff. The government will break Ghana Telecom's monopoly by allowing a second national net-work to compete, while the market for cellular telephones, paging and payphones will be lib-

Salia, the transport and communications min-

eralised to attract more companies. A national authority will regulate the industry. Ghana is liberalising its economy as part of International Monetary Fund and World Banksponsored reforms to encourage foreign investment and bolster its economy.

Mr Salia said his alm was to boost the number of telephone lines in Ghana to 200,000 from 50,000 - the International Telecommunications Union target - but still below current demand

UK boost for Videotron

Videotron, the international cable-TV, telecom munications and broadcasting group, said operations in the UK helped its revenues to dvance by 16 per cent to C\$312m (US\$222m) in the six months to February 28, writes Robert Gibbens in Montreal. Income from operations rose 15 per cent to C\$102m and net profit was C\$4.2m after pre-

ferred dividends, down from C\$9.8m a year earlier. The drop was due to higher financing costs and higher depreciation. Videotron is investing heavily in British cable and telecommunications.

James Capel in Indian SE seat joint venture

By R. C. Murthy in Bombay and Peter Montagnon in London ...

James Capel, a securities subsidiary of the HSBC bank-ing group, is to acquire five Indian stock exchange seats through a joint venture it is

cent of the venture, with B&K, which is owned by the Murarka family, holding the rest. The seats will be trans-ferred to the venture in due course" under rules being introduced under India's capi-

expected to face capital

"one of the leading brokerage. houses in India" through the combination of James Capel's expertise and B&K's market B&K. founded in 1990, has

offices in Bombay, Delhi and Calcutta and is a member of the National Stock Exchange and the OTC Exchange of India. James Capel has led seven Indian global depositary receipt issues in the past two years and makes markets in London in Indian GDRs.

JR West sees Y41bn profit in coming year

West Japan Railway (JR West), one of the Osaka-based privatised companies created by the break-up of the Japanese National Railway, yesterday forecast unconsolidated recurring profit - before extraordinary items and tax - of Y41bn (\$465m) for the coming fiscal year, AP-DJ reports

For the current fiscal year, ending today, the company's parent profit will be higher than Y15bn, JR West said. Earlier this year, after the Kobe earthquake, the company abandoned its earlier forecast of Y52bn in pre-tax profit.

year's profit is higher than the profit standards required for listing on the Tokyo stock exchange, the company is still below the limit needed for floating shares in the coming fiscal term.

per cent of its capitalisation, also in this fiscal year, the company said.

JR West said it remained enthusiastic about the listing of its shares, and that the low level of pre-tax profit esti-

pleted work on its certifiquake damaged railway facilities.



Floating Rate Subordinated Capital Notes Due 1997 Notice is hereby given that the Rate of Interest has been fixed at 6.4375% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period March 31, 1995 to June 30, 1995 will be U.S. \$162.73. March 31, 1995, London By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANCO

Terms and Conditions, copies of which are available by writing to:

The Financial Times, One Southwark Bridge, London SE1 9HL Tel:+44 0171 873 3223 Fex:+44 0171 407 5758

The Advertisement Compliance Director

CITICORPO

U.S.\$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at
6.225% in respect of the Original Notes and 6.3125% in respect of the
Enhancement Notes, and that the interest popuble on the relevant
Interest Payment Date April 28, 1995 against Coupon No. 113 in
respect of US\$10,000 nominal of the Notes will be US\$48.42 in respect of
the Original Notes and US\$49.10 in respect of the Enhancement Notes.

Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rote of Interest has been fixed at
6.225% on the interest poyable on the relevant Interest
Poyment Date April 28, 1995 against Coupon No. 114 in respect
of US\$10,000 nominal of the Notes will be US\$48.42. U.S.\$500,000,000

Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 6.2% and that the interest payable on the relevant Interest Payment Date April 28, 1995 against Coupen No. 111 in respect of US\$10,000 nominal of the Notes will be US\$48.22.

setting up with Batlivala & Karani of Bombay. James Capel will own 51 per

tal market reforms, Capel said.
At present, only individual and partnership brokerages with unlimited liability are allowed to operate on Indian exchanges, but corporate capital is being encouraged in the reforms and brokers are soon

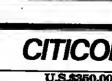
The venture aims to become

from Tokyo.

Although the coming fiscal

To list, the company needs pre-tax profit of Y40bn, or 40

mated for the current fiscal term was exaggerated by extraordinary factors such as the earthquake. JR West said it had com-



U.S.\$500,000,000

Morch 31, 1995, Landon
Br. Citibank, N.A. (Issuer Services), Agent Bank

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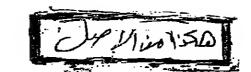
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Sumitomo Metal reorganises units

INTERNATIONAL COMPANIES AND FINANCE

Sumitomo Metal Industries, come from Sumitomo Metal's opment one of Japan's leading steel-ranks of white-collar workers phases. makers, yesterday announced a broad restructuring through which it bopes to cut its workforce by 1,600 during the next two years, AP-DJ reports from Tokyo.

The company plans to reorganise the structure of steel operations, arranging operational divisions around product types rather than functions. The number of divisions will be cut to 18 from 28.

James Cr

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It said the jobs to be lost were in addition to the company's current plan to cut 4,300 workers by March 1996. Of the jobs to go, 700 would

By Simon Holberton

Hongkong Land, the property

investment arm of the Jardine

Matheson group, yesterday

reported a 29.67 per cent fall in

profits attributable to share-

bolders to US\$365.5m from

\$519.7m in the year to the end

of December, Profits in 1993 were inflated

by an extraordinary gain of

repeated last year. Profits after

tax but before extraordinaries

were up 19 per cent from

\$306.5m, as were earnings per

Directors declared a final

dividend of 8 cents a share,

making 11.5 cents for the year,

share, to 13.94 cents.

in Hong Kong

and 900 would come from its blne-collar staff, the group

The reorganisation was aimed at consolidating the company's various operations relating to individual product

Sumitomo Metal would group product development. production and sales functions for individual products in one division rather than separating individual functions, it said.

The company aims to improve product development and encourage high-quality products throughout the devel-

Hongkong Land attributable

were likely to weaken this year

and property values were expected to decline from the

record levels achieved in 1994.

However, Hongkong Land's

rental income, would continue to benefit from positive rent reversions and it looked to the

future with confidence, he

Looking back over last year.

Mr Keswick said rents in Hong

Kong rose strongly in the first

half of the year but weakened

slightly towards the end of the

The average monthly reot

received by the company for

office space was HK\$48.87 a sq

ft and HK\$107.50 a sq ft for

It had an occupancy rate of

annual earnings drop 30%

opment, production and sales western Japan by establishing

Along with the earlier restructuring plans, the new plan means Sumitomo Metal hopes to shave its workforce by 5,700 in a four-year period ending in March 1997.

The company will organise five current production facilities, 14 operations divisions and four technical development divisions into five operational areas. The five areas will consolidate operations relating to transport machinery, steel pipe, ateel bars, steel plates and stainless steel.

group which boped to build

and own the ninth extension to

The project has been stalled

and observers believe it has bt-

tle hope of being begun this

side of Hong Kong's reversion

to Chinese sovereignty in

He said good progress had been made on the company's

commercial building construc-

Mr Keswick said the com-

pany "continues to seek long-term investment opportu-

nities elsewhere in the Asia-

Hongkong Land delists from

tion in Hanoi, Vietnam.

Pacific region".

Hong Kong's container port.

In Tokyo yesterday, Sumi-tomo Metal shares gained Y3 to Sumitomo Metal will strengthen its operations in close at Y265.

an Osaka operations division

that will provide sales func-

tions for the company's steel, construction and machinery.

Along with Japan's other

leading steelmakers, Sumitomo

Metal has been involved in an

attempt to scale back its work-

force in order to cut costs and

improve international competi-

tiveness. The company has

Deficit cut

at Israel

Aircraft

Industries

Israel Aircraft Industries, the

state-owned company, yester-

day reported losses of \$45.5m

in 1994, compared with a loss

for this improved performance

was a reduction in severance

pay to its dwindling work-

force. In 1993, IAI paid ont \$338m to redundant staff,

while last year's bill was only

\$6m. At the end of 1994 the

payroll totalled 13,410, a

Sales in 1994 remained

tant in a world of shrinking

increased \$16m to \$316m, or 28

defence procurement

of \$451m the previous year. However, the main reason

and engineering divisions.

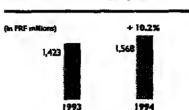
accomplished this by offering early retirement and transferring employees to affiliated

Contribution of the Group's main Profit Centres to consolidated premium income

(In FRF billions)	
UAP France	61.7
Colonia Konzern AG	31.4
Sun Life	19.3
Royale Belge	17.3
UAP International	12.5

ncluding portion generated outside France

solidated net income (group share)



A 7.2 per cent advance in premium income

1994 RESULTS

Consolidated net income

grew by 10 % despite

unfavourable trends

in the property

and financial markets.

In 1994, UAP Group's consolidated premium income increased 7.2 per cent over the previous year to FRF 151,6 billion. On a constant consolidation basis, the advance would have been 2.9 per cent, the modest size of this increase being due mainly to strong disturbances in the British life assurance market.

Gear profit improvment in insurance activities.

The Group's consolidazed net income rose 10.2 per cent over 1993 to FRF 1,568 million. This result was achieved after taking into account an extaordinary charge of FRF 4.4 billion in loan losses and additional provisions required on property loans from a portfolio that UAP had previously assumed from Banque Worms to strengthen that subsidiary. Half of this charge was borne directly by Compagnie UAP and half, in equal parts, by UAP Vie and UAP Incendie-Accidents.

Insurance activities contributed FRF 3,992 million to consolidated net income in 1994, up sharply from the previous year. In all markets where the Group is active, operating conditions for general insurance improved very substantially, with the ratio of claims to premiums dropping from 82 to 75.8 per cent. A sharp improvment in insurance underwriting results was also realised thanks to the success of ongoing efforts to reduce intermediation costs.

The Group's banking activity once again produce a loss which, at FRF 490 million, was sharply lower than recorded in 1993. This was due principaly to lower charges absorbed by Banque Worms, whose endre property loan portfolio had been trans-

The dividend for 1994 is unchanged

The Board of Directors will propose to the Annual General Meeting of Shareholders on 26 June 1995 that an unchanged dividend of FRF 3.00, plus a tax credit of FRF 1.50, be paid par share. The dividend may also be received in the form of new shares.

Despite unfavorable trends besetting the financial markets, and a deepening property market crisis in France, UAP succeeded in maintaining profit growth at 10 per cent. Policies embarked upon will be maintained with, as prime objective, Group profit improvement. More than ever, this remains UAP's top priority."

up 15 per cent on the previous trading in its shares will 99.6 per cent. Mr Simon Keswick, chair-Mr Keswick noted that Hong-

retail snace.

By Simon Holberton

Mandarin Oriental International, the hotels arm of the Hong Kong-based Jardine Matheson group, yesterday posted a 19.6 per cent rise in net profit to US\$48.8m from \$40.8m in the year to the end of December.

Profit was arrived at after a 15.49 per cent rise in turnover to \$183.4m from \$158.8m. Operating costs at \$131.9m were held to a 12.1 per cent

Directors declared a final dividend of 3.95 cents a share, making 5.50 cents for the year, a 10 per cent rise.

Genting, the diversified

Malaysian gaming, plantations and rubber products conglom-

erate, has joined an elite group

of local companies which have

registered annual pre-tax profits of more than M\$1bn

In the year to December 31

1994, Genting had a pre-tax

profit of M\$1.13bn, an 18 per

cent rise on the 1993 figure.

Other Malaysian companies

which have achieved profits of

more than M\$1bn are Malayan

Banking, the country's biggest banking group; Tenaga

in Kuala Lumpur

(US\$400m).

-

Earnings per share were 7.13 cents, up 18.8 per cent. Mr Simon Keswick, chairman, said that the outlook was

"encouraging". The company's Hong Kong hotels had done well last year "and should continue their strong performances in 1995", Mr Keswick said that

the Mandarin Oriental and Excelsior hotels in Hong Kong were mainly responsible for last year's strong performance.

Combined revenue from both botels rose by 20 per cent, he The company last year

Genting profits breach M\$1bn

tially privatised.

ously.

Nasional, the partially priva-tised electricity utility; and

gaming and leisure side of

Genting, centred on a large

casino and entertainment com-

plex in the highlands outside

expanded its botel operations into London and Kuala Lumpur and earlier this year announced it would take 40 per ceot of the Kahala hotel in

> Plans for expansion in Mexico have been delayed, due to that country's economic dif-

"Mandarin Oriental's balance sheet allows it to take advantage of the opportunities which are now becoming avail-able and the outlook for the future is encouraging," Mr Keswick said.

The company will delist from the Hong Kong stock exchange at the end of this month.

the Hong Kong stock exchange at the end of this mooth. The reduction of 2.529. steady at \$1.44bn, with local company bopes the Hong Kong sales down 10 per cent to \$309m. Exports took np the stack with a 3 per cent increase to \$1.13bo. Civilian Mandarin Oriental rises 20% exports - increasingly impor-

> per cent of total exports. Gross profits in 1994 climbed 48 per cent to \$138m with the same level of sales. Last year's operational loss was \$8m, down from \$62m in 1993. With the reduced work force, this represented an increase of 14 per cent in sales per employee, from \$89,000 to \$101,000. At the end of the

year, IAI had orders worth Mr Moshe Keret, president, said IAI had fulfilled all the 1994 goals set for it by the Israeli government. "The key elements of the recovery plan were a reduction in workforce, reorganisation of the company gronps that better matched international business opportunities, and a variety of cost-saving activities. We have made significant

that we will continue to make additional progress in 1995." The government has com-mitted \$1.16bn to a three-year recovery plan for Israel's stricken defence industries. IAI is the most likely to pull through, since it enjoys greater flexibility between products and between divisions than Israel Military Industries, which manufactures cannons and ammunition, and the Rafael weapons research anthority. IMI's pay-

roll fell to 5,000 from 21,000 in

progress in our return to prof-itability, and 1 am confident

Le Groupe UAP adressera dans quelques jours a tous les membres du Cercle des Actionnaires la synthèse du rapport annuel retraçant les chiffres et événements marquants de l'année 1994. Pour adhérer au Cercle et recevoir régulièrement les documents d'information concernant votre Groupe, appelez-le service des relations avec les actionnaires au 42 86 71 87.



NOTICE TO BONDHOLDERS

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF THE BONDS. IF HOLDERS OF BONDS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD IMMEDIATELY SEEK PERSONAL FINANCIAL ADVICE FROM A STOCKBROKER, BANK MANAGER. SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

CRH CAPITAL LIMITED

U.S.\$72,000,000 5% PER CENT. CONVERTIBLE

CAPITAL BONDS DUE 2005 (the "Bonds")

Guaranteed on a subordinated basis by **CRH** public limited company

(the "Guarantor") NOTICE OF RIGHT TO EXERCISE THE SUPPLEMENTAL INTEREST OPTION

Notice is hereby given to Bondholders, in accordance with Condition 21 of the Bonds, of their right to exercise the Supplemental Interest Option pursuant to Condition 5 of the Bonds, whereby the holder of each Bond is entitled to require the Issuer to conven that Bond into a Preference Share of the Issuer on 30th April, 1995 (the "Optional Redemption Date") which Preference Share shall forthwith be redeemed at its Paid-up Value of U.S.\$5,000 per Preference Share, and to pay Supplemental Interest on such Bond at the rate of 20,600 per cent, of the principal redeemed at its Paid-up Value of U.S.\$5,000 per Preference Share, and to pay Supplemental interest on such Bond at the rate of 20.60 per cent. of the principal amount thereof. Accordingly, • Bondholder exercising the Supplemental interest Option will be entitled to receive or the Optional Redemption Date the sum of U.S.\$6,030 for each Bond in respect of which the Supplemental interest Option is exercised, together with interest accrued on the relevant Bond at the rate of 5% per cent. per amount from 30th October, 1994 to (but excluding) 30th April, 1995.

The Supplemental Interest Option may be exercised by a Routholder delivarion

exercised, together with nutriest accross on the relevant Boan at the true of 3 A per cent. per annum from 30th October, 1994 to (but excluding) 30th April, 1995. The Supplemental Interest Option may be exercised by a Bondholder delivering, not later than 21st April, 1995 and not earlier than 10th April, 1995 a duly completed and signed Conversion and Rachemption Notice (obtainable from the specified office of any Paying and Conversion Agent listed below) and the relevant Bond together with all Coupons appertaining thereto and maturing after the Optional Redemption Date to the specified office of any Paying and Conversion Agent listed below. Where any Bond is delivered without all Coupons maturing after the Optional Redemption Date, the Supplemental Interest Option shall be exercisable only against the provision of such indemnity as the Issuer and the Guarantor may reasonably require. All Coupons appertaining to Bonds in respect of which the Supplemental Interest Option shall have been exercised and maturing after the relevant Optional Redemption Date will become void and on payment shall be made in respect thevoof.

Upon due exercise of the Supplemental Interest Option, the bolder of the relevant Bond will be issued with an Optioned Bond Receipt in respect of the relevant Bond by the Paying and Conversion Agent with which the Conversion and Redemption Notice is deposited.

The Paid-up Value and the Supplemental Interest referred to above will be payable

The Paid-up Value and the Supplemental Interest referred to above will be payable on or after the 30th April, 1995 upon presentation and surrender of the relevant Optioned Bond Receipt at the specified office of the Paying and Conversion Agent which issued such Optioned Bond Receipt. Payment of interest accrued on the Bonds up to the Optional Redemption Date will be made against presentation and surrender at the specified office of any Paying and Conversion Agent of the relative Coupon on or after the Optional Redemption Date. Interest will cease to accrue on Bonds in respect of which the Supplemental Interest Option has been exercised on the Optional Redemption Date. All such payments will be made by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City. Optioned Bond Receipts will become void unless presented for payment within the period of 12 years from the Optional Redemption Date. Redemption Date.

A Conversion and Redemption Notice once given shall be irrevocable but shall

lapse if, by not later than 21st April, 1995 the Optioned Bond Receipt is delivered ecified office of the Paying and Conversion Agent which issued the Optioned Bond Receipt, together with a duly completed and signed Conversion and Exchange Notice (obtainable from the specified office of any Paying and Conversion Agents) whereupon the Bondholder shall be treated as having exercised a Conversion and Exchange Right pursuant to Condition 4 of the Bonds and

Union Bank of Switzerland,

7th Floor. 100 Liverpool Street,

London EC2M 2RH

pursuant to which the relevant Bond will be converted into a Preference Share of the Issuer which will be exchanged for Ordinary Shares of IR20.25 in the Guazantor ("Ordinary Shares") at the Exchange Price in effect as at the relevant Conversion Date on the basis of the Paid-up Value of such Preference Shares and by reference to a fixed rate of exchange of IR21=U.S.\$1.5664. The applicable Conversion Date in respect of the exercise of a Conversion and Exchange right shall be the business day in the place where the relevant Optioned Bond Receipt is delivered upon exercise of Conversion and Exchange Rights following the date of such delivery. Ordinary Shares issued upon exercise of Conversion and Exchange Rights will be fully paid and will be alloued as of the velevant Conversion Date in the name of the holder of the relevant Bond or his nontimes.

in accordance with the Conditions, on payment shall be made upon exercise of Conversion and Exchange Rights for interest on the relevant Bond from

30th October, 1994

The closing price of the Ordinary Shares on The Irish Stock Exchange, as published in The Irish Stock Exchange daily official list on 24th March, 1995 was IRE3.55 per Ordinary Share (the "Closing Price"). At the Closing Price and based on the Exchange Price of IRC3.22 now in effect, the holder of U.S.35.000 principal amount of Boods would receive, upon exercise of Convention and Exchange Rights, Ordinary Shares baving an aggregate value of IRE3.518.05. However, such value is subject to change depending on changes in the price of the Ordinary Shares.

Pursuant to the Conditions of the Bonds, the Guarantor has the option, upon giving seven days prior written notice in such effect to the Trustee and each Paying and Conversion Agent but without notice to the Bondholders to offer to estimate Conversion and Exchange Rights by making payment to the relevant Bondholder of a sum in cash equal to the Market Value of the Ordinary Shares otherwise falling to be issued upon exercise of Conversion and Exchange Rights. "Market Value" of each Ordinary Shares on The Irish Stock Exchange on the relevant Conversion Date.

Ordinary Shares on The Irish Stock Exchange on the relevant Conversion Date.

Ordinary Shares issued upon exercise of Conversion and Exchange Rights will rank part passar with the fully paid Ordinary Shares in issue on the relevant Conversion Date except that socio Pritingly Shares will not rank for any dividend or other distribution which has been announced, declared, recommended or resolved upon prior to the relevant Conversion Date if the record date for such dividend or other distribution is prior to the Conversion Date and notice of the intended dividend or other distribution and of the record date has been given to The Irish and London Stock Exchanges prior to such Conversion Date. The Board of CRH public limited company has recommended a final dividend of IR5.60p per share which will be payable to shareholders registered at the close of business on

The lesser has the right to convert all, but not some only of the outstanding Bonds into Preference Shares, which shall then forthwith be redeemed at their Paid-up Value, at any time after 30th April, 1995 upon giving appropriate notice to Bondholders. If such right is exercised the holder of a Bond would receive sonanomers. If such right is exercised the holder of a Bond would receive U.S.\$5,000 together with interest accrued at the rate of 5% per cent. per amoun from the immediately preceding 30th October or 30th April to (but excluding) the applicable Required Conversion Date.

PRINCIPAL PAYING AND CONVERSION AGENT Union Bank of Switzerland,

Bahnhofstrasse 45, CH-8021 Zurich.

PAYING AND CONVERSION AGENTS Union de Banques Suisses,

(Luxembourg) S.A., 36-38 Grand' Rue, L-2011 Luxembourg Morgan Guaranty Trust Company of New York Avenue des Arts 35. B-1040 Brussels

This notice has been approved by UBS Limited for the purposes of Section 57 of the UK Financial Services Act. 1986. Dated: 31st March, 1995

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FINANCIAL TIMES

a decade and is to be cut by a Kuala Lumbur. Resorts World registered a in the US. further 2,000 this year.

try's richest individuals. Analysts say Genting has a cash hoard of more than M\$1bn plus an M\$700m in Malaysian trea-

Genting is controlled by the family of Mr Lim Gob Tong, a Malaysian Chinese who is believed to be one of the coun-

pre-tax profit last year of

M\$792m, an 18 per cent rise on

The bulk of Genting's profits came once again from its Resorts World group, a listed company which runs the

Mr Lim has interests in a

number of projects around the world, including a casino complex on an Indian reservation

the 1993 figure. Resorts' turn-Telekom Malaysia, also parover in 1994 was M\$1.92bn, a 13 Genting's 1994 turnover was per ceot rise on the previous M\$2.38bn, a rise of 19 per cent on the previous figure. Earnings per share increased to 77.9 cents from 68.6 cents previ-

THE UNITED MEXICAN STATES US\$2,556,093,000

Collateralized floating rate bond due 2008 In accordance with the terms and conditions of the bonds,

the rate of interest for the interest period 31 March 1995 to 29 September 1995 has to 29 September 1995 has been fixed at 8.125% per annum. Interest payable on 29 September 1995 will be US\$ 10.269.00 on each US\$250,000 principal amount

Agent: Morgan Guaranty Trust Company **JPMorgan**

Wells Fargo & Company

US\$200,000,000 Floating rate subordinated notes due 2000

The notes will bear interest at 6.25% per annum for the interest period 31 March1995 to 28 April 1995, Interest payable on 28 April 1995 will amount to US\$48.61 per US\$10,000 and US\$243.05 per US\$50,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

For the period from and including March 30, 1995 to and excluding September 29, 1995, the Rate of Increas is 7.220%, the Interest Amount oper 11.5 3,000 is 356.70 and the Interest Phymical Date is September 29, 1995.

COMPANY NEWS: UK

food and distribution

By Roderick Oram. Consumer Industries Editor

Booker is expecting brisker profits growth over the next few years, mainly from expansion of its food and distribution businesses with some help from acquisitions.

"We have embarked on an investment programme which gives us confidence in the future," Mr Charles Bowen, chief executive, said yesterday as he reported a 2 per cent rise in pre-tax profits to £90.1m (\$144m) before exceptionals of £20.3m for 1994.

Within the next few months the group will announce the first warehouse site and transportation partner in its new centralised UK distribution system. Booker will invast

expects will improve profits by 10m-f15m a year from year

This is a good example of tons of things in Booker where you can drive out costs if you've got the money to invest," Mr Bowen said.

It will also announce the first expansion of its continental cash-and-carry warehouses beyond their Portuguese and Spanish base and will start up a similar operation in Malaysia with a local partner.

The exceptional charges, which were expected, were mostly for reorganisation of grocery distribution and to bring together several of its s in Booker Foodservice, supplying caterers. They left pre-tax profits at £69.8m.

235m in the project which it against £86.9m for the previous 53 weeks which included exceptional losses on disposals.

Sales from continuing businesses were up 6 per cent at £3.7bn. A proposed final dividend of 14.7p makes 22.4p for the year. Earnings were 21.2p Year-end debt fell to £125.6m (£144.5m) for gearing of 69 per cent (83 per cent).

Food wholesaling operating profits rose 5 per cent to £51m on sales up 5.5 per cent to £2.42bn. Booker believes it marginally increased its market share in UK cash-and-

integration of Marine Harvest international, the fish farmer bought from Hanson on track and should contribute some £8m to profits this year.

BAe builds up VSEL war chest with £383m rights

By Bernard Gray,

British Aerospace has launched a £383m (\$613m) rights issue to fund its war chest for a renewed assault on VSEL, the submarine maker, if it is cleared by the Monopolies and Mergers Commission to

The rights funds will be returned to shareholders if they are not needed to buy VSEL. Meanwhile, shareholders will be paid 8 per cent interest on money held by

The issue is the first shot in a renewed campaign for con-

RESULTS

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trol of VSEL between BAe and GEC. The battle is seen as nivotal for control of the British defence industry.

Last December bids from both BAe and GEC for VSEL were referred to the MMC. which is due to report on both bids to Mr Michael Heseltine, the trade secretary, by April

BAe's rights offer is on a 1-for-5 basis at 430p with warrants attached at the rate of 1-for-25. Payment is split into two parts with the first 25 per cent payable immediately and the remainder only being called up if it is needed to pay

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BAe's shares

unchanged at 486p.
The proceeds will provide the cash BAe needs to underwrite e cash bid but the main offer is likely to be predomi-nantly in shares, with cash as an alternative.

If BAe wins VSEL and shareholders opt for cash rather than BAe shares, the first £170m needed would come from the proceeds of the rights completed last year.

A further £94m would be available from the first stage of the new issue and up to £289m. more if the second stage were

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July 4

Booker plans growth in |The cost of keeping faith with shareholders

Andrew Taylor and David Wighton on Redland's tax conundrum

everal decisions have has risen by less than a fifth. returned to haunt Redland, as the building materials group has struggled to generate enough UK profits to offset its advance corporation tax bill on dividends.

The £1bn acquisition in 1991 of Steetley, the UK concrete, brick and tiles group, was supposed to boost Redland's UK and French earnings. But the British and French

markets have remained It quickly found itself in the position where it was not making the money in the UK to offset all the ACT paid on its

dividends against its main-

stream corporation tax liabil-

In an attempt to buy itself time, while waiting for UK construction markets to recover, it decided to make two dividend payments in 1992-93 in the form of shares. It saved £115m of cash by paying these so-called "enhanced scrip" dividends, which do not ettract ACT. But this only aggravated the problem to come, by increasing the number of shares in issue by more than 7

per cent Since January 1991 the number of Redland shares in issue has almost doubled from 276m to 515m, while the post-tax profit after minority interests

The simple way out would have been to cut the dividend. Yet, ironically, the board felt under particular pressure to maintain the payment, because of the Steetley bid.

"We felt we had to keep faith with the sharebolders who funded the bid, if we could see a way through. If we hadn't done Steetley, we would have cut the dividend before," says Mr Robert Napier, chief execu-

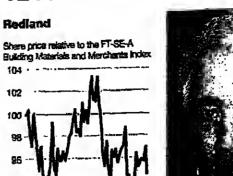
He admits, with hindsight, that not only should Redland have cut its dividend during the recession, it also should not have increased it so far in the boom. Yet, while many analysts

and investors have been pressing Redland to reduce the dividend some institutional investors expressed disappointment One large shareholder said: We remain to be convinced

that this is the right thing to dr. The company looks in good shape and dividend cover should rise rapidly at this stage in the cycle. You could say they were taking the easy way out." Yet Redland argues that, in

terms of cash flow at least, it is not in quite such good shape as

In recent years, the group's



profits have been supported by the dramatic growth of Braas, its 51 per cent owned German subsidiary, which in 1994 con-tributed half of group operating profits of £388.4m.

But Braas bas been distributing as dividend an sverage of only a third of the earnings consolidated within Redland's accounts. In contrast, Redland has distributed 94 per cent of its earnings in the three years to 1993.

While Redland group generated a cash inflow before deferred considerations of £43m last year, if the cash retained in Braas is excluded there was an outflow of £45m, including a £30m dividend



Robert Napier, need to invest to keep up with competitors

Faced with rising German tax charges and a continuing shortfall on UK earnings where the recovery has been weaker than it expected a year ago - Redland has responded by increasing Brass' dividend distribution to 63 per cent this time and in 1995 and 1996. It is also repaying \$250m (£156.2m) of auction rate preferred stock on which a UK dividend is

paid, liable for ACT. But Mr Napler argues that Redland would still have a lower cash flow after dividends than its leading rivals in Europe and would be constrained in matching their actions. "We need to invest to

keep up with international competitors, such as CRH (from the Irish republic), Le Poliet (France); Boral (Australia) and Eternit (Belgium)."

Redland says that cutting its dividends by a third will put in back in the middle of the pack", increasing dividend cover to two times and reducing the yield on its shares in line with the average for the FT-SE 100 index.

Some analysts yesterday questioned whether the dividend cut was deep enough and suggested that Rediand would need to reduce payments by half if ACT problems were not

But Mr Napier believes it has struck the right balance by almost eliminating its ACT. problem this year. Brokers forecast that Redland will have to write off only about £4m of ACT this year and that its UK profits will comfortably cover the liability next year.

Mr Napier argues that it is particularly important to improve Redland's cash flow now, since demands for investment are increasing. He believes that in a low inflation world, and with a flat outlook for UK construction, more investment in cost reduction will be needed to generate profits growth, rather than rely on market expansion.

CTR faces Transamerica claim

containers, damages and issues

Central Transport Rental Group, the trailer rental company, has received a claims notice for £18.4m (\$22m) from Transamerica Corporetion, which bought the former Tinhook's container operations ast March, writes Geoff Dyer.

The claims concern missing

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Total too

2.2

21.75

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0.5

Your sea

0.41 1.2 0.13

D UK PERFORMA

concerning leases and old debts. CTR said it was investigating them.

At the time of the acquisi-tion, Transamerica paid £42.1m into an escrow account to cover issues related to the sale. At CTR's October interims the

account stood at £32.7m, after adjustments for price and repairs had been made. The deadline for claims con-

nected to funds in the escrow eccount is today. Transamerica has agreed to release £20m from the

Nat Gypsum settlement moves bids forward

By Christopher Price

The takeover battle for National Gypsum took a step forward yesterday after the US plasterboard company announced it had reached a court settlement over future asbestos claims.

The move removes one of the biggest uncertainties facing the two predators laying slege to the group: BPB Industries, Europe's biggest plasterboard manufacturer, and Delcor, a

US investment company. BPB had a \$1.12bn offer rejected by the National Gypsum board earlier this month, but has since been examining the US company's finances more closely with a view to

increasing its bid. Delcor, which holds a 19 per cent stake in Gypsum, has had two bids of close to \$1bn turned down. Both companies had made their offers conditional on the clarification of Gypsum's asbestos liabilities.

YEAR ENDED

Jupiter Tyndall offer confirmed and south-east Asia.

By Norma Cohen **Investments Correspondent**

Commerzbank yesterday confirmed its offer for Jupiter Tyndall, the fund manager, saying the move "is a major step towards achieving Commerzbank's goals in the invest-

ment management field". The bank, Germany's third largest, said it was responding to big changes in asset formation within Europe and else-

Jupiter Tyndall, which has expertise largely in equities, provided an excellent fit for Commerzbank, the bank said. Commerzbank's asset management expertise has largely been in fixed interest securi ties, favoured by German retail and institutional investors.

Commerzbank said that Jupiter's asset management focus on emerging markets as well as equities complemented its expansion into eastern Europe

Jupiter said it had sought a larger partner because it had grown out of its initial role as

a niche player, Its size - £4bn in assets under management had left it unable to grow ... significantly without a backer. Terms of the deal value the company at £174m, which includes a £5m cash injection

from Jupiter management. A new company, Commerzbank Asset Management UK, will. own 75 per cent with the remainder beld by Jupiter's management.

Shareholders will receive 430p in cash per share plus afinal dividend of 10p from Jupiter Tyndall.

Separately, Jupiter yesterday. announced pre-tax profits for the year to the end of December 1994 of £14.7m, up from a restated £9.49m. Turnover was £27.5m, up from

Overseas lift for Tibbett & Britten

By Geoff Dyer

Tibbett & Britten, the distribution group, reported an 11 per cent increase in 1994 pre-tax profits despite problems at its car distribution and fash-

ion businesses. Pre-tax profits rose from £24.2m to £26.9m (\$43m) on turnover 29 per cent higher at £464m (£360m).

Although the figures were in line with analysts expectations, they included a £1.69m profit from land disposals, and the

YEAR ENDED

shares dropped 25p to 595p.
Operating profit at TBL, the group's UK non-car business, fell 16 per cent to £13.3m (£15.4m). The company blamed the downturn on an industrial dispute at the Middleton depot near Liverpool and an increased loss at the fashion logistics network which now has new management.

Mr Harvey said that without these two problems, the operating margin at the division, which fell from 7.1 per cent to 5.6 per cent, would have been maintained. Profits at the international division qua-

drupled to £3m (£0.7m), although the margin is still only 3.2 per cent. Turnover in Canada trebled and continental Europe. which broke even, is expected to be profit-able this year. Tibbett said it was in dis-cussions about acquiring the Dutch trans-port subsidiary of VNU, the international

publishing group. Axial Holdings, the car distribution business which acquired Toleman in March, increased operating profit to £10.1m (£7.6m), but was affected by operational problems in the second half.

OVERSEAS TURNAROUND SUPPORTS

- Marked improvement in operating profit
- Return to profit from overseas activities
- Despite depressed market conditions, a good performance from UK engineering and construction
- Good order book with stronger overseas content and better margin prospects
- Sound financial position gearing 17 per cent (1993 - 9 per cent)

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ELECTRICAL ENGINEERING, HOUSING AND DEVELOPMENT.

31 DECEMBER 1994 **31 DECEMBER 1993** £ MILLION £ MILLION TURNOVER Perating Profit PROPER BEFORE TAXATION horp after laxation ¥7.7 BARCIEU BARNENSE E ORDINARY SHARE DISTRIBUTION TALES DISTRIBUTION BASIS DIVIDENDS PER ORDINARY SHARE-

The recommended final dividend of 1.5p per share will be paid on 3 July 1995 to ordinary shareholders on the register on 1 May 1995.

The 1994 annual report and accounts will be published on 11 May 1995. To obtain a copy please contact: AMEC p.L.c., Sandiway House, Hartford, Northwich, Cheshire CWS 2YA, Telephone: 101806) 883885 or Baker Street, London W1M 2LU, Telephone: (0171) 224-6664.



ELSEVIER

ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ELSEVIER NV

at the Company's headquarters Van de Sande Bakhuyzenstraat 4, Amsterdam at 10.30 am on Wednesday, 19 April 1995

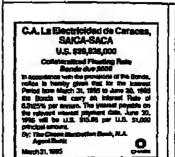
The agenda includes the Executive Board's report on the Company's affairs during 1994, approval of the 1994 Annual Accounts and A copy of the Annual Report and of the Reed Elsevier Annual Review

1994 as well as the other documents for the meeting and a proxy form are available for UK-resident shareholders at the offices of Roed Elsevier ple (Corporate Relations Dept.), 6 Chesterfield Gardens, London W1A 1EL. Registered shareholders and other registered holders of voting rights are entitled to attend the meeting, either in person or by proxy

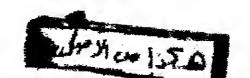
zuthorised in writing, if the Executive Board will, by no later than 13 April 1995, be potified in writing of their intention to attend the Holders of bearer shares are entitled to attend, either in person or by

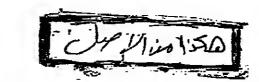
proxy authorised in writing, if their share certificates will, by no later than 13 April 1994, be deposited with a branch of any of the following banks in The Netherlands: MeesPierson N.V., ABN AMRO Bank N.V., Rabobank Nederland or Internationale Nederlanden Bank N.V. in Amsterdam, Rotterdam, The Hagne or Utrecht. The receipt of deposit will procure admission to the meeeting

Amsterdam, 30 March 1995 **Executive Board**

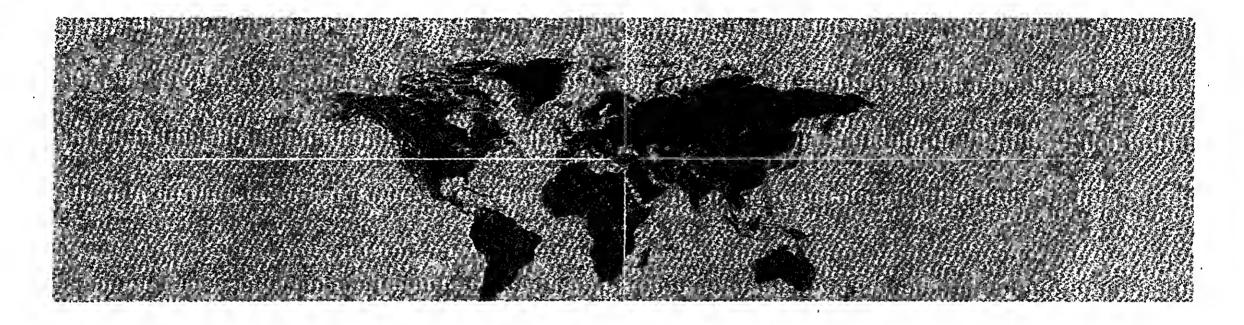








Turkey is not the center of the world ...It's just located there.



One look at the map confirms an historical truth: Turkey occupies a crucial place at the junction of Europe and Asia. At the hub of the Mediterranean and the Black Sea. Now, as in the past, Turkey is right at the center of the world's greatest trade routes.

But Turkey has more than geographical access to offer. A nation of plenty, Turkey is home to industry and agriculture, commerce and services. The skilled workforce is highly entrepreneurial in spirit. The ethnically and culturally diverse population of 61 million is young and open to change. Sophisticated telecommunications networks ensure instantaneous connections with the rest of the world. New motorways traverse the country and air links to 84 domestic and international destinations make travelling a snap.

Many of the best known corporate names in the world discovered Turkey's long-term advantages years ago. As a technically-sound partner capable of producing top quality goods and services. As a profitable market of considerable potential. As a center for regional expansion. And as a modern and rewarding place to do business.

So if you are keen to expand your international business, isn't it time you found out what so many already know: Turkey is the <u>key</u> place to be.



Undersecretariat of Treasury General Directorate of Foreign Investment Tel: (+90-312) 212 58 79-212 58 80 Fax: (+90-312) 212 89 16

at the file of the same of the

ROBECO N.V.

(investment company with a variable capital) ANNUAL GENERAL MEETING

OF SHAREHOLDERS o be held on Thursday, 20th April, 1996 at Concert and Congress building 'de Doalen', enfrance Kruispieln 30, Rotterdam, at 9.30 e.m

2.To receive and adopt the Report of the Management Board for the financial

To receive and adopt the Annua

Mesers, P.C. van den Hoek and P.A.W. Roef are scheduled to retire and have agreed to stand for re-election. A proposal will be submitted to re-elect them.

Copies of the full agenda and of the Armusi Report for 1994 can be obtained from National Westminster Bank P.C., NatWest Investments, Cantralleed Securities Office, Besement, June Court, 24 Present Street, London E1 888 or Robbert M. Market A. Carbes Plans co U.K. Limited, 4 Certos Plac Maytair, London W1Y 5AE. Telephone 0171-409 9507.

Holders of Share Warrants to Bearer desirous of ettending or being represented at the Meeting, should lodge their Share Warrants by hand (postal deliveries will not be accepted for voting purposes) with the National Westmissier purposes) with the National Westmanster Sank PLC. NatWest Investments, Cantralised Securities Office, Besement, Juno Court, 24 Prescot Street, London El 828 (between the hours of 10 a.m. and 2 p.m.) in exchange for a receipt, not later than Thursday, 13th April, 1995.

Beneficial owners whose Share Warrants are presently deposited with a Benk must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is the Bank as evidence that such Bank is holding the Shere Warrants. The Certificate of Deposit must be lodged against receipt, by that Bank, with the National Westminster Bank PLC, in

The receipt for the Share Warrents of Certificate of Coposit will constitute evidence of a shareholder's entidement to attend and vote at the Meeting and should be presented at the door of the Meeting Hall. If a holder desires to appoint a proxy, who need not be a member of the Company, to attend and vote in his steed, a form of proxy may be obtained from the National Westminster Bank PLC as above and this form of proxy must be presented at the door of the Meeting Holl together with the receipt for the Share Warrants or Certificate of

Deposit. Seneficial owners of Sub-share Confilcates registered in the name of National Provincial Bank (Nominees) Limited desirous of attending or being Limited desirous of attending or being represented at the Meeting must obtain a receipt or Certificate of Deposit in the same way se holders of Share Warrants to Bearer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Benk (Nombred) in the door of the Meeting Hall together with the pecept exchanged for the Sub-share Certificates or Certificate of Deposit.

Beneficial owners of Sub-share registered in any name other then that of National Provincial Bank (Nominees) Limited, holders of Registered Fuli es and Shareholders who meintain der's Account with the Company wishing to attend and vote at the Meeting or to appoint a proxy to attend and vote in their stead, must signify their intention in writing to the Secretary, Robeco N.V., Cookingel 120, NL-3011 AG Rotters Notherlands to arrive not leter ther Thursday, 13th April, 1995.

Service contracts are not entered into with the Oirectors, who hold office in accordance with the Articles o

BY ORDER OF THE MANAGEMENT ted this 31st day of March, 1995 P.O. Box 973

ROLINCO N.V.

(investment company with a ANNUAL GENERAL MEETING OF SHAREHOLDERS

be held on Thursday, 20th April, 1995 al Concert and Congress building "de Doelen", entrance Kruispieln 30, Rotterdam, at 11.45 m.m.

AGENDA 1.Opening

2.To receive and adopt the Report of the Management Board for the financial

3.To receive and adopt the Annual Accounts for the financial year 1994 4. To determine the appropriation of the

5.To compose the Board of Superviso Directors: Masses, P.C., van den Hoek and P.A.W. Roef are scheduled to retire and have egreed to stand for re-election. A proposal will be submitted to re-elect

Copies of the full agenda and of the Annual Report for 1994 can be obtained from National Westminster Bank PLC, NatWest Investments, Centralleed Recorded Investment, Juna Court, 24 Prescot Street, London E1 888 or Robeco U.K. Limited, 4 Carlos Piace, Maytak, London W1Y 5AE. Telephone:

Holders of Share Warrants to Searer desirous of attending or being represented at the Meeting, should lodge their Share Warrants by hand (poetal deliveries will not be accepted for voting pusposes) with the National Westminster Bank PLC, NatWeel Investments, Centralised Securities Office, Sesement, Juno Court, 24 Prescot Street, London E1 888 (between the hours of 10 a.m. and 2 p.m.) n exchange for a receipt, not later then Trunsday, 13th April, 1995.

Bonefitote formers whose Shere Warranta are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Bank as evidence that such Bank is holding the Chare Warrants. The Certificate of Deposit must be lodged contest meeter by the Bank with the against receipt, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated

The receipt for the Share Warrants the receipt to the strate warrants or Certificate of Capoolt will constitute evidence of a shareholder's entitlement to attend and vote at the Meeting and should be presented at the door of the Meeting half, it is holder desires to appoint a proxy, who need not be a member of the Comment, to attend and week in his sheet. who need not de a member of the Company, to attend and vee in his steed, a form of prexy may be obtained from the Nedocal Westminster Bank PLC as above and this form of prays must be presented at the door of the Meeting Hall together with the receipt for the Share Warrants or Cartificities of December. Certificate of Deposit.

Beneficial owners of Sub-share Cartificates registered in the name of National Provincial Bank (Nominees) Limited deginous of attending or being represented at the ideating must obtain a receipt or Certificate of Deposit in the recept of Carmenae or Deposit in the same way as holders of Share Warrants to Searer. If they desire to attend the Meeting in person or to be represented they must obtain a form of proxy signed by National Provincial Sank (Nominees) Limited, which furn must be presented : he door of the Meeting Hall together with the receipt exchanged for the Sub-share Certificates or Certificate of Deposit.

Beneficial owners of Sub-shares registered in any name other than that of National Provincial Bank (Nominees) Limited, holders of Registered Full States Shareholder's Account with the Compa or to appoint a pricey to attend and vote a their stead, must signify their intention is writing to the Secretary, Rollinco N.V. Coolaingel 120, NL-3011 AG Rotterdem

hureday, 13th April, 1995. Service contracts are not entered into with the Olizactors, who hold office in accordance with the Articles of

BY ORDER OF THE MANAGEMEN ated this 31st day of March, 1995

RORENTO N.V.

(Investment company with a INFORMATIVE MEETING FOR SHAREHOLDERS

be held on Thursday, 20th April, 1995, at Concert and Congress building "de Ocelen", entrance Kruispieln 30, Roterdam, at 14.30 hours.

1.Opening To discuss the Report of the Board of Oirectors for the financial

To discuss the Annual Accounts for the financial year 1984 To discuss the appropriation of the

To discuss the composition of the Board of Supervisory Directors: Mesars. P.C. van den Hoek end P.A.W. Roef are schaduled to retire end have agreed to stand for re-election, it will be proposed to the General Meeting of Shareholders to re-

RORENTO N.V.

ANNUAL GENERAL MEETING OF SHAREHOLDERS to be held on Monday, 24th April, 1965, at the offices of Robeco Antillien N.V., Pietermaei 24, Willemstad, Curação (Nethodands Andies), et 10.20 a.m.

1.Opening

2.TO receive and adopt the Report of the Board of Directors for the Brancial year 1994

4. To determine the appropriation of the profit

Meesrs. P.C. van den Hoek and P.A.W. Roof are scheduled to retire and have agreed to stand for re-election. It will be proposed to re-elect them.

Holders of Share Certificate to Bearer destrois of attending or being represented at the above stated Meetings, should lodge their Share Certificates by hand (poster defiveries will not be excepted) with the Netional Westminister Bank PLC, NatWest Investments, Certraleed Societies Office, Reserved, Line City 34 Preserved Street Beamment, Juno Court, 24 Prescot Street, London E1 888 (between the hours of 10 a.m. and 2 p.m.) as follows: INFOFMATIVE MEETING-NOT LATER THAN THURSDAY 13TH APRIL 1995, ANNUAL GENERAL MEETING-NOT LATER THAN TURSDAY, 18TH APRIL, 1995, IN EXCHANGE FOR A RECEIPT,

Beneficial owners whose Shere Conficate are presently deposited with a Bank must obtain a Certificate of Deposit signed by the Sank as evidence that such Sank is nothing the Share Certificates. This Confficate must be lodged against receipt, by that Bank, with the National Westminster Bank PLC, in accordance with the requirements stated

above.
The receipt for the Share Certification or Certificate of Deposit will constitute evidence of a shareholder's entitlement to elitered and vote at the Moren's result be properated at the door of the Mesting Hell. If a hadder destroy to appoint a proof, who need not be a member of the Company, to attend end vote in his stead, a form of pracy may be obtained from the National Westminster Bank PLC as above and this form of pracy must be presented at the close of the Mesting Hell together with the receipt for the Share Certification or Certificate of Deposit.

Structholders when resistant a Shareholders.

Shareholders who majutain a Streetholder's Account with the Company, wishing to attend other or both Mootings or to appoint a proxy in their steed, must eignify their intention in writing to the Secretary, Florento N.V. old

Avirano B.V., Cookingel 120 NL-S011 AG, Flottendeza, Netherlends to arrive not later than the dates indicated above. Although prodes may attend, votes will not be cast at the information Meeting.

Copies of the LII separate and of the Arruel Report for 1984 can be obtained from National Westminster Bank PLC at the address shown above or Robect U.K. Limited, 4 Carlos Piece, Mayfeir, London WIY SAE Tet: 0171-409 3507. Service contracts are not entered into will

BY OFDER OF THE MANAGEMENT ST. MAARTEN

Delect this 31st day of March, 1995

COMPANY NEWS: UK

described as "disappointing"

group turnover this year com-

Improvements overseas make up for decline in the UK Disposal losses hold back Amec

Construction Correspondent

Pre-tax profits of Amec, the

construction and engineering

group, dipped from £20.4m to

£20m (\$32m) in 1994, after

exceptional losses of £6.3m on

Turnover slipped to £1.96bn

(£2.19bn), but operating profits,

before exceptionals, rose by a

fifth to £31.8m (£26.5m) after

overseas interests moved from

a £3m loss to a £5m profit. The

underlying improvement was

better than expected and the

shares rose 9p to 71p.

property and asset disposals.

£0.97m

SeaPerfect, the world's largest controlled producer of shellfish, which came to the market in November, yesterday reported a pre-tax loss for 1994 in line with expectations at £971,000, (\$1,55m) egainst a deficit of £2.69m in 1998.

SeaPerfect

reduces

deficit to

By James Whittington

The improvement was made on turnover up from £1.99m to £5.14m from an increased harvest of scallops and clams.

Sales to the US and continental Europe more than doubled to £2m (£930,000) and £2.3m (£1m) respectively, while the UK market was tapped for the first time with sales of £697,000.

Mr Bill Lord-Butcher, chief executive, said that since November's flotation, which raised £25m, SeaPerfect had successfully branded and integrated its scallop farm in Chile and its clam producer in the US. It had also increased production facilities at its scallop hatchery hy 80 per cent.

He said he expected sales for this year to be "substantially higher" than 1994 as the harvest for scallops and clams

For both products, the income stream takes time to come through. Scallops take 18 to 20 months to grow before harvesting and clams even longer at 30 months.

In the past, production had shown substantial variability. Mr Lord-Butcher said changes to the scallop hatchery proce-dure had reduced variability, but higher than expected mortalities of clams in Florida would reduce the number on the market this year. Losses per share were 2.95p (7.89p). The shares closed up

1p at 116p, compared with a flotation price of 120p.

T&N extends German options

T&N, the motor components and engineering group, has extended its options to buy a controlling stake in Kol-benschmidt, the German car parts manufacturer, writes Tim Burt.

Investors holding 49.99 per cent of Kolbenschmidt have granted T&N another year in which to exercise its options, with the prospect of a further delay if the UK group decided to stagger the acquisi-

terms, T&N said it would pay no more that DM242.2m for the stake. It was forced to renegotiate its original options, due to expire at the end of this month, after submitting a revised takeover hid to the

German cartel office.

provide more than half of over-UK profits fell by 9 per cent seas sales in 1995. Sir Alan expected Germany to £26.8m (£29.5m) and were

few orders.

The £15m Edinburgh Japan recent fall in Japanese share Investment Trust is seeking to raise a further £30m (\$45m) through a placing and open

James Capel hopes to place short 20m C shares with new and existing institutional shareholders. A further 10m shares will be offered to existing shareholders through the open offer.

Edinburgh Japan Trust was launched in July 1992 when the Japanese stock market had reached e low point. The manager of the fund, Edinburgh Fund Managers, sees the

prices following the Kobe earthquake and the collapse of Barings bank as a similar buy-

ing opportunity.
Mr William Johnson, marketing director at Edinburgh, said that they had had the C share issue in the stocks for several months waiting for an opportu-nity such as this to arise. Edinburgh believes that economic recovery in Japan and rising corporate earnings will soon become more apparent. On conversion, one warrant

will be issued for every five

to eccount for a fifth of all building and civil engineering work within two years.

by Sir Alan Cockshaw, Amec's chairman. Further cuts were The biggest improvement planned in the UK building last year, however, was at assoand civil engineering division, ciate companies which moved where margins remained lackfrom a £3.1m loss to a £9.2m lustre because of too many profit. The biggest contributor was Morse Diesel, the US concompanies competing for too struction management com-Amec was concentrating pany, which has been acquired expansion in overseas markets, outright by Amec since the which were expected to

year end. account for 35 per cent of The US overall made a sharply reduced loss of £200,000 pared with 18 per cent in 1994. (£6.1m). The US side was expec-Germany, Hong Kong and ted to move back into profit Singepore were expected to this year following the sale of lossmaking businesses and a full contribution from Morse

Amec's shares, which before yesterday had fallen by 78p in the past 12 months, have been undermined by fears of heavy losses on a contract to build a

production platform for the Tif. fany oil and gas field for Agip.
Sir Alan said yesterday that
the group did not expect to make any further provisions on the contract, while cash flow could benefit from a set. tlement with Agip which was

still being negotiated.

Earnings – excluding exceptionals - rose from 3.6p to 4.2p Amec is paying a maintained final dividend of 1.5p making a same again 30 for the year.

Dawson sells US Edinburgh Japan offshoot to Springs seeks further £30m

Dewson International, the textiles group, is to sell Daw-son Home Fashions, its lossmaking US subsidiary, to Springs Industries, one of the largest US home textiles makers with annual sales of more than \$2bn. The sale of the shower cur-

tain and bathroom accessories business was among a number of measures foreshadowed earlier this week when Dawson International announced a restructuring. The measures included the replacement of

Sir Ronald Miller as chairman. A net loss of not more than \$15m on the sale will be taken as an exceptional charge in the year to April 1 1995. Dawson said the subsidiary

had failed to reduce operating losses, mainly because of price erosion in the US, despite rationalisation of its manufac-

Mr Derek Finley, Dawson's new chairman, who was formerly a senior executive with HJ Heinz, the US food process. ing company, said the agree-ment was "a most satisfactory development."

Forward in different directions

Paul Cheeseright on Lucas' and BSG's auto components businesses

ucas Industries and BSG International are both preparing to expand In the international automotive

components industry.

They are both West Midlands based groups, but of markedly different size and significance in an increasingly cut-throat sector, Each set out its own preferred method of expansion when announcing sharply increased automotive components sales and profits for 1994. Their preferences highlight the variety of responses in the sector to the same competitive circum-

For Lucas, Mr George Simpson, chief executive, makes a basic management point about expansion: "If we can, we would prefer to maintain control, consolidate the profits, and control the cash." However, Lucas would entertain joint ventures where it lacks the resources to meet manufacturers' particular demands. By contrast, Mr Richard Marton, chief

executive of BSG, is quite clear: "We are ances." For him, this is "the way to build critical mass. It is less capital intensive and it is the way to win the game in the auto components business."

At the same time, the business is changing. Motor manufacturers are seeking to reduce both the number of suppliers and the prices they pay for components, while at the same time they are demanding

higher quality and a greater readiness to

accept development charges.

Lucas and BSG have much in common. Both have recently been carried along by strong demand from motor manufacturers: both have been exploiting the market more vigorously after changes in their management structures. Last year Lucas pushed up automotive

component sales by 20 per cent to £1hn and more than doubled operating profits to £56m. BSG's sales in the sector rose 37 per cent to £177m and operating profits vaulted to \$7.3m. This difference in scale influences the

chosen methods of expansion. Lucas makes electronic and electrical systems. BSG makes products: mirrors and lighting. Lucas expects to be a first-choice supplier of its systems. BSG is more specialist. Although Lucas is one of the UK's larg-

est industrial groups, its automotive com-ponent sales are less than 25 per cent of those of Bosch of Germany or Nippon-denso of Japan, and less than 10 per cent of those of ACG in the US. "We have to get bigger. We have to develop a broad capability," says Mr Simpson. Just as motor manufacturers conceive

their business internationally, so Lucas is obliged to do the same, to follow them to

But Mr Marton believes there is e limit to how far following the customer can be



George Simpson - 'We have to get bigger and develop e broad capacity'

taken by e company without damaging cashflow. In any event, he argues, customers can have just as good e service from a joint venture as from a single company. BSG will be looking for joint ventures in world's largest mirror suppliers with

plants in the UK, US and Australia. Lucas is trying to find e balance between accumulating financial strength and driving for greater size: the first can make the second easier. But, says Mr Simpson, "If I had to choose between the two, I'd almost choose to get bigger rather than get margins out."

Deutsche Bank



Aktiengesellschaft

Frankfurt am Main

(Incorporated in the Federal Republic of Germany with limited liability)

We are convening our Ordinary General Meeting this year on Thursday, May 18, 1995, 10.00 a.m. in the International Congress Center Berlin, Messedamm 22, 14055 Berlin.

Agenda:

Presentation of the established Annual Statement of Accounts and the Management Report for the 1994 financial year with the Report of the Supervisory Board; presentation of the Consolidated Financial Statements and the Group Management Report for the 1994 financial

2. Resolution on the appropriation of profits

3. Ratification of the acts of management of the Board of Managing

Directors for the 1994 financial year 4. Ratification of the acts of management of the Supervisory Board for the 1994 financial yeer

5. Election of the auditor for the 1995 financial year

bank until the end of the Ganeral Meeting.

Authorization to acquire own shares

7. Election to Supervisory Board 8. Alteration of nominal emounts of shares, creation of DM 5 shares and amandment to Articles of Association

9. Creetion of new authorized capital and emendment to Articles of Association Approval of management and profit-transfer agreement between

Deutsche Bank AG, Frankfurt am Main, and Projekt 24 Beteiligungs-Sharaholders entitled to participata in the General Meeting end to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary

Depositary banks are those apecified in the Bundesanzeiger of the Federal Republic of Germany No. 63 of March 30, 1995.

Depositary banks in the United Kingdom are:

Deutsche Bank AG London, 6, Bishopsgate,

London EC2P 2AT

Midlend Bank plc. Securities Services UK Department, Ground floor, Suffolk House, 5 Laurence Pountney Hill, London EC4R OEU

Shares shall only be deemed deposited if they have been lodged by May 11, 1995, et the latest, with either of the aforementioned depositary banks or with any other authorized depositaries in the United Kingdom. In the U. K., entrance cerds or forms of proxy will be issued by the eforementioned offices of Deutsche Bank AG or Midland Bank pic to whom epplication should be made.

Copies of the Annual Raport as well as the complete wording of tha Aganda will be evailable at the aforementioned banks on or about

Frankfurt am Main, March 1995

The Board of Managing Directors

HSBC Holdings plc (X)

Notice to Former Shareholders of The Hongkong and Shanghai Banking Corporation Limited Scheme of Arrangement Pursuant to a Scheme of Arrangement between The Hongkong and Shanghai Banking Corporation Limited ('HSBC') and its shareholders ('the Scheme'), which became

issued share capital of HSBC. One Ordinary Share of HK\$10 in HSBC Holdings was issued in exchange for every four shares of HK\$2.50 each in HSBC. Certificates for the Ordinary Shares in HSBC Holdings were mailed to shareholders of HSBC

Holdings on 6 April 1991. The Ordinary Shares in HSBC Holdings which would otherwise have been allotted to HSBC shareholders who were 'untraceable' (as defined in the Scheme) were allotted under the terms of the Scheme to Courts & Co (Jersey) Limited (formerly Nat West International Trust Corporation (Jersey) Limited) ('the Trustee') and are to be held by the Trustee on the terms of a Trust Deed dated 1 February 1991 between HSBC

effective on 2 April 1991, HSBC Holdings plc ('HSBC Holdings') acquired the entire

Holdings and the Trustee.

Any person who believes he is entitled to HSBC Holdings shares issued in exchange for HSBC shares under the Scheme (and any other property held by the Trustee with respect to or derived from such shares) and who has not received the relevant share certificates should address a claim to the Exchange Agent, Central Registration Hong Kong Limited, Hopewell Centre, 19th Floor, 183 Queen's Road East, Hong Kong (who has been appointed by the Trustee for the purpose of receiving and processing such claims) enclosing (wherever possible) certificates for the appropriate number of

For and on behalf of **HSBC** Holdings plc R G Barber

HSBC shares.

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COMMODITIES AND AGRICULTURE

'Flawed' investment theory | Canadian minister hails nickel 'elephant' behind LME price surge

thing new was going on".

"We wanted to find out what

tantly, whether it was sustain-

able and what its implications

were for future metal pricing."

By Richard Mooney

Tha basic investment theory and why and, most imporbehind much of the activity that has driven London Metal Exchange prices to long-time highs over the past year is fuodamentally flawed". according to Resource Strategies Inc. of Exton Pennsylva-

RSI today releases a summary of the results of a "multiclient" study it has undertaken "to compare the demand for speculative liquidity arising from the physical metal price cycle with the supply of speculative liquidity suggested by the application of modern por-folio theory to commodities as an asset class along with the traditional classes of stocks

and bonds". Mr Robin G. Adams, the economic and management coosultancy's president, explains that the excercise was prompted by a rapid increase in LME prices at a time when stocks of four out of its six quoted metals were rising.

The study has revealed some serious problema, RSI says, including "the extreme imbal-ance between the demand for and supply of liquidity in the market and basic misconceptions about long-run trends in

real metal prices and in the relationship between cash and futures prices". Mr Adams says the early part of the rally was justified by the improvement in the world economy and "the cor-rect realisation by a small number of large and sophisticated investors that most metals were selling far below longrun, cost-based equilibrium

prices". But the market subsequently fell under the influence of "trend followers" using technically-based trading systems who pushed prices up "far too fast"

"Metals are fundamentally

unsuitable investment vehicles for long-term players like pen-sion funds," Mr Adams says. Hence the risk of extreme volatility as these more opportunistic investors seek to exit the markets looking for higher returns elsewhare."

Speaking at a conference organised by the Institute of Scrap Recycling Industries in Las Vegas earlier this mooth, the RSI president said that LME trading volume had risen from 2.7m contracts In 1986 to 47.5m last year. Part of the rise was explained by reforms that had made the LME more "investor-friendly". But the other main factor had been the Influx of the new breed of derivatives trader whose "herd mentality", while it did not "cause or create turning points for prices" guaranteed that trends would be continued much longer than would otherwise have been the case.

England - tel. 0225 481585, and RSI, Exton, USA - tel. 610 269

The study, price US\$12,000, is ovallable from RSI, Bath,

The broker translated many

by this year'a "rout". "Effectively," says GNI. while we have seen strong bull markets in several commodities in the past 12 months. there has not been a genuine across-the-board rally; gains

"While the conclusion may would point out that a basket of commodities would clearly bave been a good store of value against the falling

Kenneth Gooding on what could prove to be a world-beating deposit in Labrador

project at Volsey Bay in Labrador, according to Ms Anne McLellan, Canada's new minister of natural resources.

In a remarkable testimony to a nickel-copper-cobalt project where only 30 holes have been drilled so far, Ms McLellan insisted this week that Voisey Bay "has all the makings of another Sodbury, Thompson or Kidd Creek". A great deal of the western world's nickel comes from Sudbury's massive mineral deposit in Ontario. Which is mined by Inco and Falconbridge, Inco also owns the nickel copper deposit at Thompson, Manitoba, while the Kidd Creek copper zinc deposit is mined by Falcon

The Voisey Bay discovery came as a complete surprise, Ms McLellan told delegates at the Investing in the Americas conference in Bal Harbour, Florida, as it was made in a region with no mining history. It sbowed that "without doubt 'elephants' [very large mineral

anada has another deposits] do still exist in Can be a much more profitable world-beating mining ada". Voisey Bay was discovered by two local prospectors, Mr Albert Chislett and Mr Chris

Verbisky, who at the time were searching for diamonds. Their private company, Archean Resources, is based in St Johns. A listed company, Diamond Fields Resources, in which controversial stock promoter Mr Robert Freidland is a big shareholder, is earning 100 per cent of the project by financing Archean's work. Diamond Fields has indicated that it wants to sell the project to a blg mining group and saya about 20 companies bave shown an interest.

Ironically, Falconbridge recently announced it would develop its Raglan nickel project in northern Quebec at a cost of C\$400m (\$US285m). Some analysts suggest Falcon-bridge will halt that project if it can win control of Voisey Bay. "There is little doubt that Voisey Bay, which is much farther south and only six miles [9.5km] from tide-water, could

Mr John Lydail, analyst at First Marathon Securities, who also described Voisey Bay as "the most important discovery in Canada since Kidd Creek was found 30 years ago".

Mr Paul Dean, assistant dep-

uty minister of mines for Newfoundland and Labrador, said that, although it was still early in the project's life, there was no doubt about Voisey Bay'a potential because the grades (the amount of metal in the ore) were "superb" compared with other Canadian deposits and the ore was near the surface. "The only question is whether there is 50m or 100m tonnes of ore," he said. How-ever, it would cost C\$400m to \$500m to bring a mina into pro-

s McLellan was wav-ing the flag for Can-ada at a conference mostly devoted to mining in South America. Many Canadian mining companies have

been turning to South Amer-

difficult to operate in North America. Ms McLellan said Canada wanted its best companies to compete internationally and "key players in a global industry must be in key areas around the world investing

their dollars". Nevertheless, the new Canadian government recognised the importance of the mining industry to the economy where it is a significant presence in more than 115 communities, contributing jobs for more than 300,000 Canadians and directly contributing C\$20bn to the Canadian econ-

omy every year". She pointed out that the government was "aggressively pursuing mining reform - it won't just be talk, there will be change". The government wanted to speed up and reduce uncertainties in the permitting process. That would be difficult and take some time because it would require negotiations between her ministry and other ministries and

ica, complaining that it is between the federal govern-becoming too expensive and ment and the governments of the provinces. Her government's promise to eliminate Canada'a deficit would probably be easier to achieve than mining reform.

• The Mexican peso crisis would make it much more difficult for companies attempting to fund mining projects in Latin America, warnad Mr Gerard Holden, director, derivative finance, Barclays Metals

He identified four projects El Abra and Collahausi in Chile, Bajo de la Alumbrera in Argentina and Metates in Mexico - that would require at least US\$2bn of funding and added "this is just the tip of the iceberg". Much of the fund-ing would have to be provided from outside the region.

Mr Holden predicted it would be easier to fund medium-sized projects than hig ones. This would not be the case in Chile, however, as "the banking community now considers Chile a better risk than the rest of

London broker stresses role of dollar in markets' buoyancy

By Deborah Hargreaves

Last year's rally in commodity prices was a reflection of the weakness of the US dollar rather than a large rise in fundameotal demand for basic raw materials, according to the latest research by GNL one of London's leading commodity brokers.

Most commodities, led by coffee and copper, staged a recovery in prices last year following several years of declining markets. But price levels have deteriorated early this

year.
"Last year's patchy and often currency-related moves were merely a dry run for a far more exciting rally over the next few years," GNI says.

"The outlook for commodities is still bullish - stock levels have not been at such low levels in such a large number of commodities since the 1970s," the broker says. The research also points to the prospect that growth among the populous newly industrialised countries will provide "above-trend consumption

rates until well into the next

decade".

Most commodities are quoted on world markets In US dollars and while the value of that currency declined during most of 1994, it is reasonable to expect that there should be a general rally of prices in basic commodities to take into account the depreciation of the underlying currency, GNI says.

price moves into yen and D-Mark values to find that, for those currencies, the only trend last year was the fourth quarter price rise. That bad subsequently been wiped out

have largely been because of currency moves.

seem a little dramatic we

Further big increases forecast in Ghanaian gold output

Ghana's gold production is the director of finance and greenfield operations, gold ected to increase to 600,000 this projected to rise to more than 1.61m troy ounces this year. from last year's 1.42m, and to exceed 1.84m in 1996, according to a senior mining industry official, reports Reuters from

administration for Ghana's Minerals Commission, noted that those figures compared with only 282,299 ounces in

"With the current high level Johannesburg. of exploration activity in exist 549,328 carats last year from Mr Kwabena Sarpong Manu, ing concessions as well as 341,978 in 1984, and was proj-

production is expected to continue its increase," Mr Sarpong Manu said. Increased diamond and baux-

ite output was also likely. Diamond production rose to 549,328 carats last year from year. And Mr Sarpong Manu expected that it would rise dramatically" over the next few years.

Production of bauxite (aluminium ore) was projected at 525,000 tonnes in both 1995 and 1996, compared with

451,802 tonnes last year. Mining, and particularly gold mining, had seen tremendous growth since 1984 as a result of changes in macroeconomic and fiscal policies and an injection of private sector capital into the industry, Mr Sarpong

Grain consumption seen rising 15 per cent by 2000

By David White in Madrid

World grain coosumption is likely to increase by 15 per cent by the year 2000, with increased import demand from China, south-east Asia, north Africa and the Middle East, a Madrid conference was told vesterday.

Under current projections for population growth, grain con-

tonnes compared with the 1994 level of almost 1.4bn, according to Mr Herman Wiffels, chairman of Rabobank, the Dutch banking group which focuses on the food and agribusiness

He told a conference organ-ised by the bank that world market prices should rise in the short to medium term. This

sectors.

COCOA LCE (C/torred)

sumption will reach 1.6bn would trigger production could threaten further productiss needs for both food and feed increases in South America, Australia, the US, Canada and to a lesser extent the European

> This increase in production should be sufficient to meet the higher demand, which would require an average 2.25 per cent annual growth in supplies, he said. But ba warned that poor use of resources

tion growth.

grains in the sbort term, although they were trying to reduce purchases, Central European countries

Former Soviet Union coun-

tries might also need to import

were meanwhile set to change from being net importers of decrease. South-east Asia was grains to becoming exporters also unlikely to be able to meet of coarse grains and wheat.

COMMODITIES PRICES

BASE METALS . **LONDON METAL EXCHANGE** (Prices from Amalgameted Metal Trading)

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Closs	1830-1	1851-2
Prévious	1796-7	1824-6
High/low		1854/1823
AM Official	1816-7	1839-0
Kerb close Open int.	216,201	1853-4
Total daily turnover		
E ALUMMIUM ALI		e)
Close	1825-35	1625-30
Provious	1820-5	1820-5
High/low		
AM Official	1845-50	1835-40
Kerb aloes		1820
Open Int. Total daily turnover	2.778 1.010	
■ LEAD (\$ per torn		
Close	588-9	603-3.5
Previous High/low	585-6 580	600-1 605/601
AM Official	590-1	603.5-4.0
Kerb close		601-3
Open int.	36,292	
Total daily turnover	4,501	
■ NICKEL (5 per to	nne)	
Closs	7575-85	7710-20
Previous	7535-45	7670-80
High/low	7580 7580-90	7730/7700
AM Official Kerb close	1990-90	7715-20 7720-30
Open int.	55,932	112000
Total daily surnover	9,160	
TIN (\$ per tonne)		
Citaee	5700-10	5750-60
Previous	5650-60	5710-20
High/low	5880	5770/5720
AM Official Kerb close	5659-60	5710-15 5730-50
Open Inc.	20.007	3100-30
Total daily turnover	4,725	
ZINC, special hig	h grade (5 per	tonne)
Close	1025-6	1051-2
Previous	1013-4	1040-1
High/low	1025/1024	1053/1042
AM Official	1024-4.5	1049-50 1050-1
Kerb close Open Int.	97.259	1030-1
Total daily turnover	13,717	
COPPER, grade		
Close	2958-8	2923-4
Previous	2957-8	2918-8
High/low	2964/2960	2930/2918
AM Official	2961-2	2924-5
Kerb close	239,008	2920-1
Open int. Total delly turnover	99,473	

134,70 +0.20 134.70 134.70 717 131,00 +0.60 133.05 132.20 6,933 130.35 +0.50 · · 375 128.60 +0.30 128.60 128.20 3.505 PRECIOUS METALS I LONDON BULLION MARKET

LME Closing E/\$ rate: 1,5965

Sport 1.5980 3 miths: 1.5967 8 miths: 1.5839 9 miths: 1.5803

Close change Page 138.80 1,905 137.95 +0.85 138.20 137.10 28,508 137.95 138.20 137.10 28,508 137.95 138.20 137.70 134.70

Open int

\$ price £ equiv SFr equiv 382.00-382.40 237.127 434.257 382.10 388.40 239.745 447.428 384.00-384.40 Day's Low Previous close 383,10-383.50 Loco Lain Mean Gold Lending Rates (Vs USS)

2 months p/troy 62 295.35 299.30 478.25 482.20 8 months 1 year 304.30 315.55 504,80 £ equiv. 240-243 **Gold Coins** \$ pnce 386-389 394.50-387.00

386.5 +3.6 387.9 382.1 16,877 19,885 383.9 -0.5 · . . 10,116 388.6 +3.9 389.8 384.0 56,073 32,238 392.2 +4.1 389.5 387.5 18,071 2,082 391.5 -0.6 · . 5,782 684 PLATINUM NYMEX (50 Troy oz.; \$4roy oz.) 434.5 +15.1 434.5 416.0 2,289 1,836 440.0 +17.9 444.4 418.0 14,496 3,561 -6.3 · 2,573 152 · 726 2 PALLADRUM NYMEX (100 Troy az.; S/troy az.) 178.00 +0.70 181.00 175.00 6.648 180.25 +0.95 180.00 177.50 838 180.00 -0.30 180.00 180.00 185 186.80 -156.50 186.50 -549 263 36 7,542 1,112 +8.4 485.0 485.0 · 1 +40.5 536.0 476.0 56,822 28,631 +41.6 540.0 479.5 21,159 5,685 \$40.0 479.5 21,159 5,665 537.0 486.5 11,669 148 555.0 494.0 16,715 336 132,027 34,381 ■ CRUDE OfL NYMEX (42,000 US gets, \$/barrel) 18.07 92,194 62,657 18.86 61,896 27,868 18.86 38,075 12,408 18.47 17,732 8,145 18.32 23,656 4,021 18.20 11.096 2.016 E CRUDE OIL IPE (\$/burref) 17.60 17.38 51,466 25,240 17.25 17.13 33,708 11,471 17.06 16.96 14,322 2,425 16.96 14,322 2,425 18.85 11,581 1,218 1 6,213 224 2 3,662 -149,188 41,290 HEATING GIL NYMEX (42,000 IIS galls.; CAS galls.)

Precious Metals continued M GOLD COMEX (100 Troy oz.; \$/troy oz.)

Latest Dey's price change High Low lnt Val 47.00 -0.08 47.20 46.75 10.399 8,763 47.35 -0.02 47.90 47.05 22.008 12.486 47.80 +0.02 47.90 47.45 10.373 3,778 48.30 +0.12 48.35 48.00 15.492 3,189 48.70 -0.13 48.70 48.70 7,796 1,332 48.85 +0.17 49.85 49.50 4.853 7.38 120,041 12,845 E GAS OIL PE (S/tonne) Sett Day's Dpen price change High Low int Vol 154.00 +0.75 155.00 152.75 27.764 4.507 Apr May July July July Sep 7:stal +1.00 152.50 151.00 22.303 +0.75 151.75 150.25 13,943 152.25 +0.50 152.75 151.50 8,481 153.75 +0.50 153.75 153.50 2,612 155.50 +0.25 155.50 155.25 2,963 MATURAL GAS HYMEX (10,000 minibil: \$/minibil) 1.696 +0.641 1.750 +0.030 1.705 1.765 1,540 29,634 7,538 1,715 15,273 2,567 1.775 +0.029 1.790 1.740 18.958 2.841 1.782 +0.022 1.790 1.780 13,719 2.237 1.790 +0.020 1.800 1.785 12.910 871 1.815 +0.020 1.615 1.600 8,391 503 I UNI EADED GASOLINIZ NYMEX (42,000 US gate, C/US gate,)

Open let Yol +0.31 -0.01 60.40 59.70 7,990 13,574 59.00 58.50 24,253 26,906 -0.13 58.50 58.10 11.954 8,685 -0.18 57.90 57.50 8.532 -0.20 57.10 57.00 5.053 8,532 5,566 5,053 1,697 2,508 1,022

114.40 +0.20 115.45 114.10 1.727 255 115.35 +0.05 118.25 115.25 476 44 101.25 +0.10 101.75 101.75 332 6 102.20 +0.275 102.50 2.536 63 104.20 +0.20 104.30 104.35 7.28 65 WHEAT CHT (5,000bu min; cents/80fb bushel) -2/2 -1/3 -1/2 -2/0 -2/4 +0/4 May Jack Supposed May July Total 346/8 4,213 358/0 2,840 363/0 132 336/4 26 MAZZE CBT (5,000) bu min; cents/55tb bushel) 247/6 -1/0 248/0 247/0 103.215 23.872 253/4 -1/2 254/0 253/0 112.705 18,224 258/6 -1/0 258/0 258/0 21,408 2,734 259/2 -1/2 258/5 258/2 90.294 18,572 253/4 -1/0 255/5 255/2 8,910 505 289/4 -1/2 299/4 259/4 515 7 345,346 82,789 Sep Dec May Total BARLEY LCE (E per torne) 108.75 -0.50 109.50 109.50 100.80 +0.15 107.00 107.00 107.70 +0.05 102.20 102.00 104.00 +0.25 105.75 +0.10 SOYABEANS CET (5,00000 min; commodit bushell -26 573/0 571/0 40,910 7,461 -2/6 583/0 581/0 51,213 14,408 -2/4 586/4 525/0 6,975 1,542 -2/4 586/4 525/0 43,979 153 -1/5 526/4 525/0 28,838 4,367 603/4 2,D00 126,719 26,574 SOYABEAN OR. CET (80,000fbs: cents/b)
 25,90
 410
 25,97
 25,72
 26,268
 8,596

 25,50
 -0.15
 25,55
 25,40
 21,410
 3,965

 25,42
 -0.10
 25,47
 25,35
 4,668
 493

 25,33
 -0.00
 25,35
 25,25
 6,763
 510

 25,26
 -0.13
 25,05
 24,85
 13,180
 2,363

 25,00
 -0.13
 25,05
 24,85
 13,180
 2,363
 SOYABEAN MEAL CET (100 tons; \$/ton) -0.8 185.4 184.5 32.221 4.507 -0.5 189.8 183.8 22,770 4.552 -0.5 171.5 170.5 7,989 370 -0.5 171.5 172.9 5,423 223 -0.5 174.5 174.3 9,021 165 -0.0 178.0 177.0 12,219 612 97,477 10,438 177.5 E POTATOES LCE (E/torne) 308.5 352.5 250.0 105.0 +1.5 311.0 307.0 +5.0 351.0 347.0 250.0 128.5 FREIGHT (BIFFEX) LCE \$10/index point) +25 Class 2217 酚 2274

GRAINS AND OIL SEEDS

III WHEAT LCE (C per tonne)

Wool China domented most oversess word auctions this week, and in Austrelia the Eastern market Indicator was 21 certs higher at 845 certs a kg. This represents a new peak for the season, though only by a traction, and after fauthations within 20 certs for the pest seven weeks. The emphasis is still on types fevoured by China and prices being paid for finer marinos are well believe the next test Sometimes New Yakland. below the peak fast September. New Zeeland crossbred fleece sold well at unchanged prices crosstried fleece acid wea at uninserged prices at this week's sale and the small declare in the market indicator, 4 cents down at 635 NZ cents a kg., was mainly due to lower prices paid for lambowood. Strength in overseas wool markets was not fully metched in the British wool market, where prices at a Bradford audition of Scottish wool fields to keep up with the most present sale of Foreigh wool. most recent sale of English wool.

\$33 -8 940 R29 505 98 940 -11 949 938 17,752 1,571 955 -10 965 664 13,151 1,257 969 -9 978 969 12,573 1,920 966 -8 884 985 15,004 487 418 E COCOA CSCE (10 tornes; \$/torn 1299 21,667 3,430 1321 14,781 1,539 1345 8,814 20 1375 8,130 83 1413 6,823 May Jel Sup Doc May Tutal 1307 1330 1349 1384 1413 -18 -15 -21 -17 1321 1345 1375 1413 1333 1355 1369 1413 4,702 ■ COCOA (ICCO) (SOFTs/torne) 3080 80 53 3080 13,410 1,258 3085 19,481 672 2986 8,382 83 2830 1,503 48 2830 243 12 3061 3048 3004 2967 2945 2928 +10 3079 +15 8100 +13 3045 +17 3000 +30 2970 +33 2955 Mar May Jel Sep Her Jun Total COFFEE 'C' CSCE (37,500lbs; certs/lbs) 165.10 -2.15 169.70 163.20 13.084 3.831 166.50 -2.30 171.25 165.20 10.012 970 167.20 -3.30 171.75 167.00 6.683 365 166.00 -2.50 171.50 168.00 5,802 134 176.60 - 1.50 14.50 14.50 170.00 May July Sop Dec May Total COFFEE (ICO) (US cents/pound) Prev. dey 156.14 162.58 161.79 NoT PREMIUM RAW SUGAR LCE (certs/fcm) - 1,081 14.80 Jam Mer 7 ptpi 12.03 · 12.03 12.03 3.527 377.7 385.0 332.5 322.1 318.2 314.0 · 377.9 574.0 10.563 934 Aug Oct Dec Mar Mary Total - 363.4 261.0 8.548 929 - 292.3 338.5 3,579 282 - 318.2 318.0 1,079 18 - 314.0 315.0 853 15 114.0 315.0 863 - 314.0 219 SUGAR "11" CSCE (112,000 be; cents/ibs) 14.22 -0.01 14.22 14.04 53,288 8,628 13.15 -0.09 13.18 13.05 37,353 8,069 -0.02 -0.02 9.02 12.20 12.09 37,480 8.02 11.60 11.75 13,668 - 11.62 11.62 3,771 - - 4,100 11.82 11.30 COTTON NYCE 50,000lbs; cents/lbs) 87.01 +0.80 97.70 85.80 17.098 6.263 88.04 -0.31 63.50 82.10 18.417 2.502 80.35 +0.33 80.85 80.00 6.871 1.688 75.45 +0.17 75.90 75.05 25.258 6.908 75.55 +0.17 77.00 76.20 8.348 1,038 77.45 +0.30 77.55 77.18 1,833 152 75.868 18.888 ■ ORANGE JURCE NYCE (15,000lbs; cents/lbs) -0.75 106.65 104.90 11,688 -0.85 110.85 108.06 5.714 -0.85 113.50 112.70 4,831 -0.40 110.75 110.75 2,294 -0.65 111.80 111.50 1,707 US Putures are latest prices. Open interest and

COMEX, NYMEX, CET, NYCE, CIME, CSCE and IPE Crude Oil are one day in smeans. INDICES ■ REUTERS (Base: 18/9/31=100) Mar 30 Mar 29 month ago 2299.5 2305.4 2548.7 E CRB Futures (Gase: 1957-100) Mar 29 Mar 26 month ago year ago 232.92 232.74 233.47 226.67

MEAT AND LIVESTOCK III LIVE CATTLE CME (40,000ths; cents/lbs) 86.800 +0.325 86.775 85.800 80,628 9,470 51.275 +0.200 61,875 80.400 24,804 56,775 +0.550 80,100 58,100 10,589 61,200 +0.425 61,800 80,550 8,410 61,075 +0.375 63,350 82,400 3,133 Peb Total ■ LIVE HOGS CME (40,000lbs; cents/lbs) 42,809 -0,150 42,850 42,450 11,759 42,750 -0,200 42,950 42,450 3,862 39,800 +0,050 40,000 38,750 2,896 40,800 +0,050 41,400 40,725 3,248 41,400 +0,050 41,400 41,250 988 PORK BELLIES CME (40,000lbs; cents/fbs)

LONDON TRADED OPTIONS Strike price 5 tonne III ALLINGNUM 49 68 91 1750 1800 . 1850 . E COPPER Jun 43 82 87 2850 118 148 180 COFFEE LCE Jul E COCOA LCE 31 42 56 Oct BRENT CRUDE IPE Jul

LONDON SPOT MARKETS E CRUDE CEL FOB (per berrel/May) +01-\$18.48-6.53g

Brant Blend (detect) Brant Blend (Mey) W.7.L (1pm est) \$18.02-8.04 II OIL PRODUCTS NWE prompt delivery CIF (tonne) \$181-182 Naphtha Jet fuel \$176-178 \$156-158 Gold (per troy oz) \$383.40 487.500 \$417.25 Platinum (per troy oz.) Palledium (per troy oz.) \$173.00 -3.00 Copper (US prod.) Lead (US prod.) 145.0c -1.0 41.75c 14.36m 270.50c Tin (Kusia Lumour) -0.25 +2.0 Tin (New York) 123,9**9**p Cattle (live weight) +2.03 129.91p 91.73p Pige (the weight)† Lon. day sugar (raw) Lon. day sugar (wie) Tate & Lyle export \$362.4 \$381.0 -9.0 -5.0

Battey (Eng. feed) Maize (US No3 Yellow) Wheel (US Dark North) 2165.0 Rubber (Apr)V Rubber (May)V Rubber (KL RSS No1) 122,00p 471.5m +1.0 Coconut Oil (Phil)§ Palm Oil (Matay.)§ Copra (Phil)§ \$830.0u -2.5 \$680.0z \$412.0u +3.0 Soyabeans (US) Cotton Outlook A' Index £165.0y 105.65¢ -1.0 -1.40 519p

The US, Argentina, Australia and Canada would be the first to meet the increasing require-

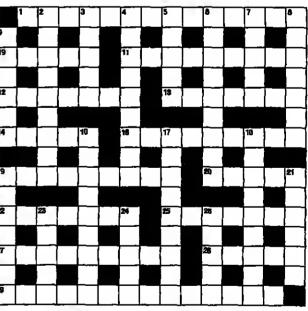
ments from Asia, he predicted. China would show sharply higher demand for grain imports, while its surpluses of maize for export would

grain.

JOTTER PAD

CROSSWORD

No.8,725 Set by GRIFFIN



breeding (14) 11 Trains till Ian becomes very clever (9) 12 I'm into rolling paint drums

14 Some had a tumour, in fact 19 Man I call round to make a 16 They broke in and turned Sir 21 Club subscription it raised in out? (9) 19 Has one old lady put in the 23 Toadstools, for example, if mountains (9)
20 Youth leader stirred idle bear
24 Coming back if allowed a cut

rocket launch (7)
25 Dicky said "I see it's illegal" (7) 27 Singers train colt to run (9)

28 Beer is hidden in passage (5) 20 Where the Parisian cries "it's here" in confusion (14) 2 Final proposal's in and as a

result I'm a tumbler! (9) 3 He races round with a Greek character (5)

4 Advertising local lido do overlook large town (9) 5 First person to cover article m epic poem (5) 6 Always pot down Charlas, having no tea, in town (9)

State if one owned up to noth-

(5)
22 Elevator noavailable for 26 During sale a shop displays Solution 8,724

a A growing cause of skin irri-

15 Capital mule born around the

17 If I try Elizabeth rings wit-

18 Keep fit enthusiast to use

back door (9)

journalist grabe

a Happy j behind! (6)

LILSTER DOODLING
U T O H I N U
GRITIG IMPRISOR
I L S L S E E E
EALLOVER GCOTCH
E W N E A T O
RAIL STUDIOFLAT
SWEETMUSIC SWOT

European prices surge after Bundesbank rate cut

By Martin Brice and Antonia Sharpe in London and Lisa Bransten in New York

The Bundesbank surprised European bond market traders and investors yesterday with its decision to cut the discount rate by 50 basis points to 4 per cent. It fixed the securities repurchase tender (repo rate) at 4.5 per cent and the two following repos will revert to variable rates. The Lombard rate remained unchanged at 6

per cent. . Bond markets across Europe had been drifting in low trading volumes before the unexpected news, which resulted in immediate surges in prices and volumes as traders moved to

cover short positions. The rate cut took the pressure off other European currencies, and their bond markets rose immediately.

The change came as a shock, although some analysts had beard revived spaculation of a rate cut from German houses on Wednesday after-

Warm reception

for £625m loan

arranged for 3i

Lloyds Bank Capital Markets

is leading the facility which

was signed yesterday. The

deal, originally designed to

raise £300m when launched

earlier this month, attracted

£780m in commitments from 29

The facility consists of two

equal tranches. One is repay-able over eight years at 21 basis points over Libor with a

10 basis point commitment fee;

the other repayable over six

years at 17.5 basis points over

with a 7.5 basis point commit-

Richard Lapper.

banks

its announcement that slowing money supply growth and the strength of the D-Mark on the foreign exchanges justified the cut, without risking higher

■ The June bund future on Liffe soared by 0.30 to 92.50 after the rate cut. However, it later dropped all its gains, and in late trading on Liffe fell into negative territory. It finished around 91.88, down 0.04 on the day in almost 200,000 lots, the highest volume this year.

In the cash market, some houses saw investors moving out of the two-to-five year sector into 10-year bunds. The yield curve steepened and the spread between the 10-

year sector and the 30-year sector widened from 41 basis points before the announcement to 46 after. Ms Jane Berryman at Tech-

nical Data said: "Bunds are ending slightly lower on the day on a combination of aggressive profit-taking and with eight planned, each for outright selling on belief that between £2bn and £3bn. These

last in the current cycle."

■ UK government bonds spent the morning slipping in low volume with bunds, then prices and volumes shifting sharply higher on the track of bunds after the rate cut announcement

GOVERNMENT BONDS

The long gilt futures contract on Liffe was around 1032. up # point on the day. The spread of the yield on the 10year gilt was 145 over bunds.

tightening in from 156. The government yesterday forecast a funding requirement for the 1995-1996 financial year of about £25.6bn. National savings are expected to contribute around \$2.5hp, implying gilt sales of around

Auctions will continue to form the backbone of gilt sales

The Bundesbank said after today's reduction will be the will be supplemented with tap

The planned euction dates are: April 26, June 28, July 26, September 27. October 25, late November/December (depending on the timing of the Budget). January 31, 1996 and March 27, 1996.

Around 15 per cent of gilt

sales will be in index-linked stocks with the remainder in conventional stocks spread ecross the maturity ranges. with around one third in each of the short, medium and longdated bands. There will be at least two auctions in each of the three conventional maturity bands.

At the end of each quarter. the Bank will indicate the intended maturity of the stock to be sold during the following quarter. It will also give details on the progress to date of the funding programme and any changes to the funding require-

■ Italian government bonds jumped on news of the German

The June BTP future on Liffe was around 94.60, up 0.85. The spread of the yield on the 10year benchmark bond was 615 over bunds, tightening in from 631, partly due to the central bank's fallure to follow the Bundesbank with its own rate

■ Swedish government bonds were hit by further currency turmoil and 10-year bond yields were 7 basis points higher at 11.64 per cent.

II US Treasury prices were down modestly yesterday after first turning higher when the Bundesbank lowered the discount rate and then dropping on a bout of profit-taking and some strong economic data.

By late morning the benchmark 30-year Treasury was & lower at 1025 to yield 7.382 per cent. At the short and of the market, tha two-year note dropped & to 995 yielding 6.710 per cent

Early in the morning the bonds gained support from the currency market after the

sharp strengthening of the dollar against the D-Mark and the Japanese yen. Near 11am the dollar was trading et DM1.4115 and Y89.54 versus DM1.3827 and Y38.39 late on Wednesday.

That good news caused investors to push the long bond price up more than e third of a point and then led to a wave of profit-taking that eventually pushed the prices back close to their levels of late Wednesday.

Bonds also faced a downward pull from Labor department data that showed that the number of people who filed initial claims for unemployment last week dropped by 10,000 from 348,000 the previous week. A consensus of economists believed the number of initial unemployment claims would be closer to 340,000.

Yesterday's unemployment figures were paid close atten-tion, in part because they are an indicator of what the March employment figures will show when they are released a week

into floating-rate krona. Banco Central Hispano

brought its expected FRN offer-

ing, which raised \$150m. Some

traders said that the relatively

small step-up could lead inves-tors to beliave that the issuer

might not call the note after

Hambros leads £61m deal for UK homes group

By Richard Lapper

Hambros Bank is to lead a £51m syndicated loan facility for Funding For Homes, a consortium which raises capital for 11 of the largest UK housing associations.

The deal is the latest of e number of recent forays into the capital markets by housing associations, which own some 4 per cent of UK housing stock and are seeking to diversify sources of funding in the wake of a decline in government financial support.

SYNDICATED LOANS

Mr Gerald Leahy, chairman of FFH, said: "The facility is a breakthrough in providing medium term finance for large bousing associations."

The money is to be spent on 2,000 new bomes. Repayable over 15 years, the loan is to be made available at a spread of

75 basis points over Libor. Although highin comparison to spreads offered recently to corporate and sovereign borrowers, the rate compares favourably with the 125 basis points over the equivalent gilt achieved on a £83m 25-year

bond issued last year. FFH paid 160 basis points over the government bond on an earlier £100m 25-year issue. Principal is repayable from year five onwards and the facility allows the associations to repay interest only for the

first 10 years. It allows FFH to swap its proceeds into fixed rate money, reducing exposure to any future increases in interest

FFH said that the facility was "unique" because for the first time a number of associations are borrowing directly

Previously, syndicated facilities were restricted to lending directly to only one registered housing association.

Housing associations are seeking to raise up to £2bn in external funding in 1995, compared with around £1bn five years ago.

Much of this money will come from short and medium term borrowing from UK banks and building societies.

However, the associations are becoming increasingly interested in tapping other sources of funds, especially those which offer repayment facilities of about 15 years. rather than the more typical under 10 years or 25

1 -

DUNGE CROSS MATER

E Z

Last December, six medium-sized housing associations raised £36.6m in a eurobondissue through a special pur-

pose vehicle. The issue, which has a maturity of 30 years, was launched at a spread of 75 basis points

over the gilt. A month earlier, Sanctuary Housing Association, the fifthbiggest in the country, raised \$75m (£47.3m) by placing bonds privately with a group of four US insurance companies and pension funds. The deal was also organised by Hambros.

Associations participating in the FFH scheme are Ealing Family Housing Association (£18m), Liverpool Housing Trust (£12m), Manchester & District Housing Association (26m), Orbit Housing Association (£10m), Paddington Churches Housing Association (£10m) and Samuel Lewis

Housing Trust (£5m). As well as Hambros, other banks participating in the facility are Abbey National Treasury Services. Bayerische Vereinsbank, Depfa-Bank and NWS Corporate Finance.

— Low coupon yield — — Medium coupon yield — — High coupon yield — Mar 30 Mar 28 Yr. ago Mar 30 Mar 29 Yr. ago Mar 80 Mar 29 Yr. ago

8.53 8.56

7.33 7.70 7.20

8.39 8.44 8.44

7,10 7,59 7,68

Toyota leads rush of eurodollar offerings

at tighter levels.

By Antonia Sharpe A £625m loan for 3i; the UK The eurobond market saw a investment capital group, has been one and a half times overrush of eurodollar deals yesterday as issuers nipped in ahead subscribed, signalling continuof tha World Bank's D-Mark global bond which is set to ing competition in the syndicated loans market, writes dominate activity next week.

INTERNATIONAL BONDS

Tovota took centre stage with its \$300m offering of three-year eurobonds. Although the pricing on tha bonds was thought to be aggressive at 14 basis points over the yield on treasuries, the tight swap spreads prevailing in the market led syndicate managers to believe that Toyota had shifted its funding

Paribas declined to comment

Toyota was sensitiva to the current situation in the bond market, both with respect to arbitrage levels and investor flows, and was anxious for its issue to perform well in the Paribas added that the bonds

pany had previously borrowed

However, it noted that

offered some pick-up over Toyota's outstanding threeyear eurodollar bonds due December 1997, which were now trading at 7 basis points over treasuries. The new bonds were mainly bought by retail investors in

continental Europe, though there was some institutional Toyota is believed to have

on Toyota's funding targets, but it agreed that the car comdeal into floating rate dollars. Spintab, the Swedish mortgage bank owned by Swedbank, also raised \$300m through an offering of threeyear floating rate notes. The offering will re-finance a fiveyear FRN due October 1998 which Spintah is calling on

April 25.

The coupon on the new notes is Libor plus 1, which is significantly lower than that on the old notes of Libor plus %. Spintab's lower funding costs reflect the improvement in

investor perception of Scandi-navian financial institutions over the last few years. Spintab is likely to swap the

NEW INTERNATIONAL BOND ISSUES										
BOTTOWER US DOLLARS	Amount m.	Coupan %	Price	Meturity	Feed	Spread bp	Book numer			
Spinistrat Toyota Motor Credit Corp.	300 300	(a) 7.00	99.785R 99.8125R	Oct.1998 Apr.1998	0.125R 0.1875R	-1477414-050	JP Morgan Securities Parities Capital Markets			
L-Bank	250	7.00	100.00R	Apr.1998 Apr.2005	0.1875R 0.50R		Swiss Bank Corp. Goldman Sachs Internations			
Central Hispano Fin.Serv.(b):	150	(62)	22.004	Apr.Zuus	U.SUR		EGGERAL SACAS RESIDENCE			
Eurofinet Dautache Bank Financekt	300bn 100bn	(c)	100.09	May.1996 Feb.1997	0.20 1.125	:	BtsL/ JP Morgen Securities Deutsche Bank London			
GUILDERS	(LALAN)		00.70	7027,507	1,725					
ESRO	200	1.00	67.61R	May.2002	0.258	+3.3(814%-02)	ING Bank			

FT-ACTUARIES FIXED INTEREST INDICES

140.86

Wed Mar 29

140,12

Final terms, non-calleble unless stated. Yield apread (over relevant government bond) at launch supplied by lead mens Floating-rate note. Pt fixed re-offer price; less shown at re-offer level. a) 3-mit Lubor. +1,%. b) Calleble in Apr.00 at per, b1) 3-mit +50lip to Apr.00 and +1000p thereafter, c) 5-mit Libor +25tp. Long (at cuton). Pungible with L225th. swapped the proceeds of the

1 Up to 5 years (24)

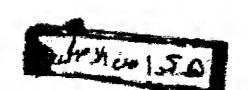
WORLD BON	ID PR	CES												
BENCHMARK	GOVE		NT BO					FUTURES			250,000 pc	ands of 100		
	Coupon	Red	Price	Day's change	Yield ag		Strike Price	May	C	Jul	Sep 1	day Ji	n jri	Sep
Australia	6.000	09/04	93.2800	+0.400	10.12 10.2		9200	0.54	0.82	0.75	•	51 0.7		1,45
Austria Belgium	7.500	01/05	100,4500	+0.090	7.43 7.4 8.02 8.1		9250	0.9t 0.17	0.68	0.54		.78 1.0		1.74
Canada *	9.000	12/04	101,2500	+0.250	8.80 8.9	7 8.95		out, Cults 116						
Denmark France BTAN	7.000 8.000	12/04	88.5000	+0.050	8.80 8.9 7.59 7.8		-							
CAT	7.500	04/05	98,0200	+0.990	7.78 7.9	7.99	(taly		AN 000T	DAME OF	m com	-		
Germany Bund Ireland	7,375 6,250	01/05 10/04	101,2900 83,0000	-0,150 +0,500	7.16 7.1 8.81† 8.8			ONAL ITALL O' Line 2007			IN FOIGH	(£3		
taly	9.500	01/06	61,1000	+0.520	12.97 13.2	5 11.99		Open	Sest price		High	Low	Est. vol	Open in
Јерал No 118 No 174	4,800 4.600	06/99	106,6190	-0.040	3.11 3.1		Jun	94.00	94.72	+0.97	95.00	83.70	46336	46486
Netherlands	7.750	03/05	103.0000	+0.120	7.31 7.3	5 7.54	Sep	99.00	84.07	+0.97	93,00	. 93.00	100	37
Portugal Spaki	11,875 10,000	02/05 02/06	96,4000 87,9200	+0.150	12.15 12.4			AN GOVT. B			S OPTIONS	(LIPPE) Lir	#200m 100	ths of 100
Sweden	B.000	02/05	69.2730	+1.073	11,33 11.2	7 10.61	Strike	*****	(;	1115 — Se		Jun	- PUTS -	Sep
UK Gins	a.000	08/99 12/05	61-25 100-18	+13/32	8.29 8.3 8.43 8.4		9450		1.77	2.5	•	1,55		2.93
of Tones	9,000	10/08	104-13	+21/32	8.46 8.4		9500		1.50	22		1.78		3.21
US Treasury *	7.500 7.625	02/05	102-18 102-31	-1/32 +2/32	7.13 7.1 7.38 7.4		9550 Fac. vol. 10	otal, Calle 278	1.25 2 Ben 486	Produce de	•	2.03	Des 20251	3.50
ECU (French Gove	6.000	04/04	65.6200	+0.590	8.32 a.4	6 8.42					y a upan va			
London closing, "New Yo 7 Gross fincluding within	ark mici-clay calcling box s	12.5 per	cent payable	by normali		refet started	Aberil							
Priore: US, UK in 32nds,				.,		MS Internations	- NOTE	ONAL SPAN	THI BOND	FUTURES	(MEFF)			
US INTERES	r DATI	-						Ореп	Sett pric	a Change		Low	Est. vol.	Open in
	BALL	C-	-	-			Jun	80.80	82.33		82.A5	80.82	73,705	47,396
Lunchtime		ine month ,	Treasur	581 T	Bond Yiekje	8.00	UK							
Prime rate	9 1	weg month		6.84 TI	THE YEST	6.82	- 4000	ONAL UK G	LT FUTUR	VES (LIFTE)	250,000 3	2nds of 10	0%	
Fed. Rands	86 8	princing		6.05 1	ve your	7.14 7.38		Ореп	Sett pric			Low	Est. vol	Open in
Fed.funds at intervention		log year		6.31)- you	7.38	JUNE	102-24	103-12	+0-35	104-00	102-21	78419	80567
							Sep III LONG	GRLT FUTU	103-05	+0-25	-	Batter of 100	0	100
							Strike	GEL PUIC		MTS THE	1 2-30,000)	OHER OF TO		
							Price	May		Yris —	Sep I	Any Ju	PUTS	Sep
BOND FUTUR	RES A	ND OF	TIONS				103	1-02	1-90		2-07 - 0-	42 1-0	8 1-31	1-61
							104 105	0-34 0-15	0-62 0-37			-10 1-3 -55 2-1		2-31 3-07
								otal, Calls 636						
France														
M NOTIONAL FREN							Ecu	BOND FUTU	DEC MAT					
Open Jun 112.32	Sett pro 113.20		•					Open	Sett price		High	Low	Est. vol.	Open In
Sep 111.90	112.5	8.0+	2 112.6	2 111.	90 683	6,574	Jun	82.20	92.88	+0.78	82.94	82.20	3.984	7.531
Dec 111.80	112.4		_		80 2	1,539	•••			12				.,
LONG TERM PRE			NS (MATIF											
Strika Price As		ALLS Jun	Sep	Apr	PUTS -	Sep	US BUST	REASURY B		men man	State of	100mm of 10	¥754	
111 22	28	2.65		0.01	0.39	1.11	- 50 11	Open	Letest				Est. vol.	Open int
112 1.3 118 0.3		1.88 1.22	•	0.07 0.21	0.60	•	Jun	104-16	104-20	+0-09	104-31	104-14	318,914	322,545
114		0.72	1.11		-		Sep	104-02	104-08	+0-11	104-18	104-02	721	17,105
115 Est. vol. total, Callo 23,0		0.37 1.737 . Pre	0.75	001 HZ ^	170.200 0	da 232 400	Dec	•	103-18	+0-09	-	-	\$3	1,484
				m4 U			Japan							
Germany								ONAL LONG	TERM J	APANESE (GOVT, BOX	ED FUTUR	ES	
M NOTIONAL GETIN	CAN BUNE	FUTUR	S (LIFFE)	DM250,00	0 100ths of 1	100%	LIFFE	Y100m 10	Other of 10	0%				
Open	Sett prk		-					Ореп	Close	Change		Low	Est. vol	Open Int.
tun 92.02 Sep -	92.03 61.57	+0.1		91.8	2 20429	9 174076 2316	· UPFE for	113.99 tures also trad	ed on APT.	Al Open arts	114.45 rest for en	113.85 for previous	2979 day.	0
	01.57	70				2010								
UK GILTS P	RICES													
				_										
	~ Yest	_	10	84/95 _			Yest	19	W95_			Yeld		_ 199495
Notes	lat I	ed Price E	+cr- High	LOW	_	Notes tri	, Red Price E	+or- High	Low		Notes	(1) (2) Pc	-10+ 1es	High Lo
Shorts* (Lives up to Flow)		.eo 995-ad	1033		omersion \$1 ₂ pc					tor-Liebted	.0	m		2011
10 ¹ spc 1995	10.13	32 101品	-1075 -1075	101.4	тат 64-рс 2004 8 ¹ 20с 2009‡‡.	8.45	8.41 100,3	+13 1014	97 4	Pepe '98##	_(135.0) 2	.50 3.38 177 3.8510 139 3.84	2064 +4 644 +4	2087 197 1137 108
140c 1996	1229 (1325 (.42 103% .74 105%	+4 117		pov 9 ½ pc 2005	E.91	8.51 1065 _{1,70}	+33 12572	1024 2	200, 53, ——— 15,000, 200, 1		L30 3.84 L49 3.85	2004 +4 1004 +4 1004 +4 1004 +4	113.7 100 1784 183 1735 156
151 spc 199811	14.04 8	91 1085 ₆₃₈ 1	+ 121	100.7	rees 12½pc 200 74;pc 2005‡‡	3-5 10.19 8.16		+聲 143%	4	AC 1982	_D25.69 2	153 3.86 11	Ma +1	1735 156 1183 107
bash 13%pc 1996;;;		.08 105% .49 10342	+4 1179	100-5	80¢ 2002-6‡‡	8.27	8.50 96 Bal	+12 111%	C15	256 105	78.49	182 3.84	1733 +1	1841 165
ress Cov 7pc 1967##	7.11 7	78 9613 .83 109 ³	+14 1124 +23 1005 +14 1211	108.3 96% T	reds 113490 2000 reds 83290 2007			4월 136 <u>년</u> 4월 118월	1124 2	2296 11	_(74.6) 3	1.64 3.85	160} +1	1/64 15
och 1012pc 1987	10.01 7	70 10477	+4 114 +4 110	1046 1006 T	13 ¹ 200 2004-8	10.42	8.71 12933	+1 1512	124裂 2	250 16		1.86	1404 +1	1572 134
rens 83upc 1997#‡ ash 15pc 1997		93 101 E	+4 110	100 b T	rese Spc 2006 ‡ sper Spc 2009	1.61 6.28		+월 124년 +1ፊ 115급	शह 2	125 24#	_07.71 \$	1.72 3.8713 1.72 3.85	#報報 +1 111度 +3	152() 122 129/ 100
94-pc 1998	9.37	12 1043	114	10213					4	496 30##	(135.1) 3	74 3.88	1104 +13	1284 109
rese 74.pc 1998‡‡ rese 61.pc 1996-98‡‡	7.09 8	12 1043 11 9735d 11 9835d	+13 1143 +35 1083 +16 10	9313					an	(2) 5%.	b) Figures	in parenthe	ees show	base i
14pc 1996-1	12.10 6 12.71 6	25 115% 1612189	+13 131/ +2 140/ +15 123	114.2					ind red	ect rebesin	of RPI to	to lecte) at	nd here bee bruery 1967	Conversi
uth 12pc 1998	10.78	27 11133	+6 1314 +13 1143 +15 1063 +16 1406 +16 1264 +16 1264 +16 1164	1097 9 1007 T	ver Filten Year van 8 1/4nc 201		8.36 81 <u>31</u>	+# 96 <u>A</u>	772 9.	tor 3.945. R	PI for July 11	190 M Fe 194: 144.0 ar	d for Febru	y 1995; 14
1999 19	10.83	28 103日 34 113位	+₁å 128 ₃	1112 C	ony 9pc La 2011	# 8.57	8.43 165	+17 1257	10013					
nes 10 ¹ 2pc 1989		33 107 ¹ 2 28 91 ² 3	+3 1210	105½ T	144 9pc 2012## 144 5 ¹ 200 2008	-12#± 7.29	8.42 105 <u>2</u> 8.18 7543	+35 127% +1% 83%	100% O	ther Fi	ted int	erest		
matesion 10-4pc 1999		41 10613	+35 1013	10461 T	was Spc 2013##	8.20	8.36 9513	+12 11783 +13 974	82			Yield		1994°55
rees Filig Rate 1990	-	- 1004	1004		8pc 2015 74pc 2012-154	1.27 \$ 8.22		+15 1144	89Å —		Notes	at Red I	rice E + or -	High Lo
٠.				Ti	uas 84 pc 2017:	B.41	8.35 1042	+% 128%	99 A Age	Day 104pc	2009 9		1113 +13	
•				8	ch 12pc 2013-	7 9.12	8.57 131 &	45 1592	1284 Bts	and Cap 81200	2 8		11914	142 1
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men 13pc 2000	10.92 8	47 119	+23 1182 +13 1365 +13 1223	98% 116() 1031 ₂ U	ndpind				Lee	ds 137 ₂ pc 200 rpsoi 37 ₂ pc in	6 10		123	149% 1
10pc 2001	7.53 8	42 B2 50	+12 1220	8833	mods 40c	1.55	- 64	+13 504	*** [00	3pc '20 At	9	.08 -	35, —	4012 25
94pc 2002 8pc 2003#‡	9.14 8	53 10683 47 974	1187 1187 1187 1187 1187 1187 1187 1187	92% D	an 3 ₇ 5bc .81 W. 24 Toeu 3 ₇ 5bc . 81	6.00	- 42 <u>2</u> - 56 <u>2</u> 22	+拉 54段	55'% Met	thester 11 ¹ 25 . War. Soc B'		95 9.30 · 23 7.94	71	1264, 111 78 66
10pc 2003	8.21 8.	54 100%	+1 127 A		men Spc '90 At	8.57	- 35m	+1 445 +1 385	KIN WW	ice legge 37s		- 4.58	133	1504 128
	10.18 &	63 113 <u>2</u> 5	-A 1294	10939 C			- 25.77						127½	1454 123

6 Lip to 5 years (2)	190,35	+0.	18	190.01	-0.05	2.57	Un to	5 yrs	3	50	3.59	3.21		2.08 - 2.1	18 2	29	7
7 Over 6 years (11)	178.24	+0.0	5	175,15	0.77	1,28		5 yrs		.06	3.90			3.66 3.7	3.	23	• •
8 All stocks (13) Average gross recognition ye	176,79 kdx are stor			175.78 Beods:		1,40 Anchum: 89	6-10%%	Hate 1	1% and	Caveri.	t Flat y	teld, ved Your la	- daha				
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									<u>.</u>								
FT FIXED INTER			-	~	24 V LE	-h- 1		GILT	ED	단되) AC	Mar 29	NDICE Mar 28	Mar 27	Mar	54 N	Azz
Gort Secs. (UK) 91.9					24 Yr ago 16			Gift Ed	band be	_		110.0	94.4	97.4	87.		94
Flood Interest 110.4	110.34	110.48	110.5	1 110.4	2 115.96 133	87 106.	50	5-day	ever age			98.9	84.1	98.8	98.	7 1	100
* for 1984/5. Government Sec. 26 and Feed Interest 1928. S	ratios high si E activity in	ran unito dices inte	hador, 1 bed 19	127.40 (9) 74.	1/351, low 49.16 (3	11/75). Pho	d Interes	t high eir	ICB COM	dellon	£ 135.87	(21/1/84) , low	20723 E7.1\	76) . Basis 100	t Governm	nent Secur	The
FT/ISMA INTER	VATION	IAL B	OMO	CEE	VICE			- 1				_				77	
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Using are the intest internation to	used Bio				in securoary mane		incred at				Ylekf			leaned	Bld	Offer Ci	ho
U.S. DOLLAR STRAIGHTS					United Kingdom 7			_	102%	112	_	. Abbey Ned Tr	D0021Y & 05	P 1000	R33		44
Actory Need Treasury 812 CS	1000 92	4 27		7.75	Volument of Fi	700	1000	984	974		7.52	Allence Leics	114 97 C.	100	105%	105' +	4
Abuse Province 7's 98	_ 400 104	* 100	1	7.28 7.32	World Bank 0 15 . World Bank 5% 03		3000	90%	CI		7.58 7.53	Denmark 6%	90 E		945 ₈		Ţ,
Bacton-WAustz L-Fin B4e 00 Barric Naci Germanton 7 99	. 1900 TI	00 100%		7.35	World Bank 8% 00		1250	1097	1704	72	5.40	EB 5 03 E	7 P	1000	843 ₄ 1033 ₈	95 4	•
Bank of Tokyo 8 2 96	_ 100 101	101		7.17	SMISS FRANC S					_		Hanson 103	87 £	500	10332	103 4 +	4
Bank of Tokyo 8½ 98 Bayer Verdinick 6½ 00 Balgium 5½ 08 BFCE 7¼ 97	_ 500 10 . 1000 85	1034 1 065	4	7,55 7,72	Austria 412 00		1000	DOM:	100 ¹ 2	42	5.88 4.61	HSBC Holding Italy 10 ¹ 2 14 5	s 11.69 02	F 153	104		
British Gas 0.21	1500 101	1011	-4	7.10 8.17	Council Europe 44	98	250	101	10112			Japan Day Bio	7-00 €	200	123	93 +	÷
Corrects (No. 97	2000 PA	L DAY		7.09	BB 84 D4		300	10812	99 109 ³ Z		5.57	Ontario Tile (N 2	200	106 ¹ 2		Ž,
Chause Kore Ph 5 ² 2 98 Chau 5 ¹ 2 04 Council Buscope 8 96	_ 500 90	884		8.89 8.89	BB 84, 04 Bec de Ferros 74, Priant 74, 98	08	100 300	110%	1111 ₂	يد	5.67 5.03	Powerper 5%	08 2	250	963 _m	983 +	<u>بار</u>
Council Europe 8 95 Credit Fonder 9 2 99	_ 100 101 _ 300 10	10112	٠,	7.05					10712	•	5.35	Tolgo Sec Po	Mar 11 OT	199	1087	1083 +	3
Descript S.L. Off	1000 06	2 964	-10	7.35 7.12	Kobe 6 ³ y 07 Ontarto 6 ³ y 03		240	1084	110 106 ¹ 2		5.58 5.23	TONZ Fin 94	0 98 NZ\$ 02 NZ\$	75	87 ² 8	88 ¹ 2 -	
Einst Japan Pathway 65 D4 BCSC 84: 96	193 101		-1-	7.74 7.08	Ontarto 6 ¹ 4 03 Outbec Hydro 8 0		400	1024	103 881 ₂	4 12	5.80 6.39	Credit Local B	OI FFr	7000	905	80% +	4
EC 84 99	_ 100 101	1012		6.99	SNCF 7 04		450	1113	1113	72	5.45	SNCF 94, 97	H	3000	1034		3
BB 74, 96 BB 94, 97	1000 101	4 101 ¹ 2 5 105 ¹ 4	+14	7.07	SNCF 7 04 World Bank 5 03 . World Bank 7 01 .		150 800	100%	100 ¹ 4 100 ¹ 2		4.96 5.15	FLOATING R					Ī
BB p4, 97 Bec de Plance 9 98 Bi-lin Bank Japan 8 02	200 104	1024	<u>ئ</u> ـ	7.20 7.58	YEN STRAKENTS								VIE NOIL	lesued	Bild	Offer	
Export Day Corp \$12 95	_ 156 106	4 100°2	_	727	860m 9 80		75000	10814	10812	ą.lg	3.09	Abbey Ned Tr	S of Anna	1000	99.61	99.60	
Fotoral Neil Mort 7/17 D4	1500 95 3000 F	100 ¹ s	7	7.55 7.28	Ex-Im Bank Japan	43- N3	150000	1154	116 1051	414	3.14	Belown & 97	DM	750 500	99.53 100.09	99.63	
Priend 6%, 97 Ford Motor Credit 6%, 99	1500 97	97% 2 102%	+1	7.40 7.06	Inter Arner Day 714	00	_ 30000	1164	118	44	3.22	Geneda - 4 96		350	98.83	99.96 99.25	
Gen Bec Captel 93 98 nd Bk Japan Fin 77 97	200 100	2 101	7	7.50	Japan Dev 84 5 98		100000	1083	977 ₂	+4	2.98	COCE 0 00 for Credit Lyonne	¥.	200	99.18	98.41	
rier Amer Dov 7 ^t g 95	500 93	94		7.01 7.20	Japan Dev Bk 8 ¹ 2 Nippon Tel Tel 5 ² 4	D1 96	. 120000 _ 50000	1053	117 ¹ g 1055 ₂	414	3.51 2.15	Denmark -1 ₈ S Drescher Finer	6	200	96.99 98.73	97.57 99.82	
haly 6 ² g 23 Japan Der Bk 8 ² g 61 Kores Boc Power 8 ³ g 63	3500 60°	87 s	17	8.90 7.45	Namey 81 97 SNCF 64 00		150000	1054	108		214	Drescher Finer Ferro del Stat I	100 ½ 96 D	M 1000	99.99	100.05	
Korea Elec Power 61 03	1550 88	897		129	Spain 64 02		125000	1127	118 ¹ 2 1127	+4		Finland 0 97 MI Bank Ind 3	~	1000	100.10	100.18	
TOB Fin 8 97	1000 96	1014 991 ₂		7.73 7.71	World Bank 54 02		250000	100°2	108%	ş1 ₆	2.50 3.55	May 14 293		. 2000	99.82	99.95 99.85	
Norway 7 ¹ , 97	1000 100 ¹	2 100%	-4	6.97 7.89	OTHER STRAIGHT					. 4		LKB Beden W Lloyds Bank P	west Pari 12 and S D 10	7000	99.51 82.50	99.59 83.50	
Oster Korasolbarik B ² 2 Ot	200 105	1054	7	7.40	Gerfrance Lux 81,	99 UF	1000	1043	105%		7.71	Malaysia & 05 New Zeeland -		200	99.20	88.50	
Portugal 54: 03	200 100 ¹	8 884	4	7.10	MS Deut Industrie, World Berrie 8 98 U	P 00 LF1 .	1000	10012	1017	44	6.40	NOVE SCOOL of	99	630	99.81 99.64	99.98 99.74	
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20 THE PLAN SHIP TO THE PROPERTY OF THE PROPER	150 102	1024		7.17	Bell Canada 10° 9	8 C\$	198	1057	1065	+4	8.89	Renie D 98 Societe General	de 0 98	600	98.67	99.79	
SAS 10 98 SNCF 8½ 99	150 106	106%	4	7.99 7.24	British Columbia 10 Cereda Most & Ho.			101/2	1011		\$.56	State Bk Victor	4 0.05 99 .	125	99.85 90.86	100.00	
Spain 81/2 89 Spain 31/2 NSW 81/2 98	1600 06		_	7.38	28 10 ¹ 2 95 CS		130	991 ₂ 1041 ₂	1051 ₂	41g	8.67 8.33	Sweden U 98 . Sweden -1 ₂ Ot		1600	98.85	98.89	
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Swedish Export 6% 95 Tokyo Bac Power 6% 03	1000 91	90%	4	7.73	Gent Elec Capital 10 16W Int Fin 10 01 (98 C\$	aoo	10112	1017	14	8.57 8.87	CONNERTIBLE	BONDS				
Totayo Metropolis 84 96	200 101	1017	-	7,10	Nigoca Tel Tel 704	99 CS	200	105/2	1057	+	8.74				OFFIC.		
Tolgo Metropolis 84, 96	2000 96	1 065g	ᅺ	7.37 7.37	Ontario 8 03 C\$ Ortario Hydro 16%	99 C\$	1500 500	1064	1074	43	9.15 6.60	Browning-Ferris	rs. ne			Bld Offer	_
Noted Barts 67, 60	1500 104	1047	Ī	7.25	Oster Kontrollbenk	10'4 88 CZ	150	10512	1061	+14	8.65	Chabb Capital Gold Kalgoorie	698	250	86 185	12 1043 12 1043	
		2 1037			Council Europe 9 0	Ecu	1100	1045	105	+10	8.45	Gold Kalgoorle Hanson 9 ¹ 2 (8	7200	65 1.0	554	98 965	
DEUTSCHE MARK STRAIGHTS Walte 81/24		8 545 ₂	4		Credit Fonder 5% (Credit Lycrosta 9 0	¥ Equ	1000	96 ³ 4	1014	41,	8.86 7.99	Henson Americ	2.30 Ct	420 30 E	758	75 754	
redit Fonder 7% 05	2000 981	9912	-	7.37	EB 10 97 Ecu		_ 1125	1037	1041 ₈		7.68	Hong Kong La Land Secs 64	ng D	94 4		Fr 7947	
Permant 6 ² y 98 Pagis Finance 6 ² y 05	4000 MI	mark.	4Ja	6.26	Ferro del Stat 10 ⁴ Raly 10 ³ , 00 Esu	98 Ecu	500	104	104/2	j.	8.42	Legge 74 US		50 5	24	96 86 ¹ 2	
Deutche Bk Pn 7 2 03	2000 1007	100%	41,	7.41	Spein 9 90 Ecu		- 1000	101	101%	•	7.43	Mitsul Bank 25 Mount less Flo (Nati Power 6%	W	200 253 100 25	283 P	764	
3C 8½ 06	2844) 10	700	442		United Kingdom 94 ADC 10'99 AS			100% 90%	103%	+4	10.05	Nest Power 6%	00 E	250 4	33 1	00 100%	
Friend 7 /2 00	3000 1027	1081	414	6.80	Comm Bk Australia	134 99 AS	100	1117	1123	7	10.26	Personal 43, 03		85 38.0 800 58.60	177 * 86 197 92	2 5312	
My 7 4 98			4		EED 75, 95 AS			54 k	95 ¹ 4	٠,	9.48 9.90	Зипіюто Виг і	ـــ 40 و ا لا نا	300 350	6.9 82	1 83 g	4
KR Reden World RIv 100			44		R& Bark 74, 03 /			543	847	4	10.70	Sun Allence 71 Tesco Capital 9	CORE	155	3.9 84		1
icrosy 64 99	1500) 99		***													4 1120	
ME Beden-Wourt 6 ¹ 2 08	1500 81	015	1-18	7.51	State Bk NSW 8 02 Sth Aust Gowt Fin 9	A\$	300	924	93 ¹ 2 92 ¹		10.42	2005 Military	MB24 D2.	300 & - previous day	74 1	1 118 ¹ 2 14 115 ¹ 4	4

2.89 5 yrs 3.58 15 yrs 4.05 20 yrs

8.33 8.36 8.34

8.49 8.47 8.44



FINANCIAL TIMES FRIDAY MARCH 31 1995 *

CURRENCIES AND MONEY

MARKETS REPORT

Bundesbank surprises markets with rate cuts

Discount rate (%)

1992 91 · 82 93

in the repo rate.

sioo station.

dealt with by a gradual easing

The market's cantious

response to the lower rates was

implicitly endorsed by Mr

Hans Tietmeyer, president of

the Bundesbank. "I do not believe our decision can signifi-

cantly change currency mar-

kets," he told the ARD televi-

Certainly this was the con-

Foreign exchange markets ing their rates.

yesterday reacted with caution The dollar finished in Lonto the Bundesbank's surprise cut in interest rates, writes Philip Gawith.

Rates moved sharply after the announcement, but volumes were surprisingly low. The D-Mark lost ground against most currencies, but the moves stopped a long way short of reversing the recent gains made by the German cur-

The market's initial assessment was that the Bundesbank's move eased pressure on core European currencies, but was unlikely to offer anything more than a respite for the dol-lar and peripheral European currencies like the lira, peseta, swedish krona and sterling.

The Bundesbank cut the discount rate to 4 per cent from 4.5 per cent, and the repo rate to 4.5 per cent from 4.85 per

Switzerland, Belgium, Austria and the Netherlands all don at DM1.4107, from DM1.3997 and at Y89.575 from

In Europe the D-Mark closed nearly four francs lower against the French franc, at FFr3.492 from FFr3.536. The peseta also made up a lot of ground to close at Pta91.03 from Pta92.75. At one stage the franc had reached FFr3.4670 and the peseta Pta90, before both currencies gave up some

of their gains. Sterling made gains against the D-Mark, closing at DM2.2525, from DM2.2404. This disguised the volatility of trade, which saw sterling rise six prennies at one stage from DM2.22to DM2.28, before giving up most of thesa gains. It

Pour	d in New Yor	k
Mar 30	Latest	- Prev. close
L spot	1.6005	1.6115
1 mth	1.6003	1.5113
3 स्वर्धीर	1,5963	1.6101
1 yr	1.5897	1.5990

closed weaker against the dol-lar at \$1.5967 from \$1.6007.

■ Whatever else the Bundesbank achieved, it managed to catch the market off guard. Although a significant minority of analysts had flagged the possibility of an easing in the repo rate, few thought it likely, or in such an amount.

As far as the discount rate goes, a Reuters poll of 20 European analysts earlier in the week found them unanimous that there would be no change in official rates. Mr Avinash Persaud, cur-

rency strategist at JP Morgan in London, commented: "This is a significant move both in terms of its magnitude and timing." He said the Bundesbank's explanation should not be taken at face value.

"It can only be interpreted as showing some concern at the strength of the D-Mark." The policy factors mentioned by the central bank, said Mr Persaud, could easily have been

least as far as the dollar goes. The market view is that the causes of dollar weakness extend far beyond the level of German interest rates.

Mr Neil Mackinnon, chief economist at Citthank in London, said: "This doesn't alter a great deal in terms of dollar direction. I am not going to change my forecast of DM1.25." "The real problem for the

dollar is more to do with the US's external imbalances. Investors believe it can't discharge its external habilities at the current level of the exchange rate."

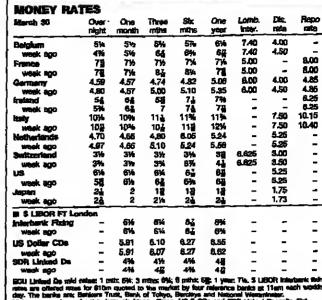
■ Curreccy market attention will now shift to the Bank of Japan. Most analysts now believe the BOJ will cut the official discount rate. More important for the dollar will be the next batch of US statistics. Expectations are that they may indicate a pick-up in growth. If so, the dollar could face further

■ Interest rate markets responded bullishly to the news, with futures prices rising sharply. The June eurolira contract was up by 80 basis points at one stage, although it later retreated to a gain of about 47 points. Sterling and D-Mark futures also made significant gains, with the June

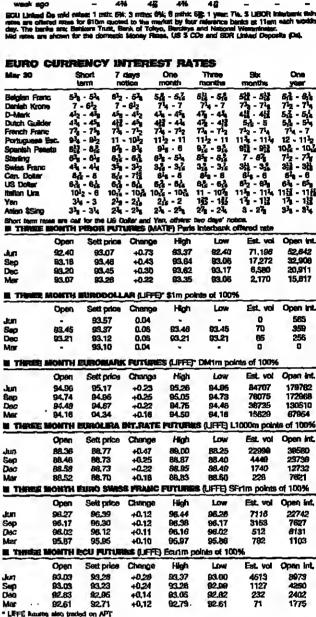
contracts rising, respectively, by 18 basis points to 92.84, and

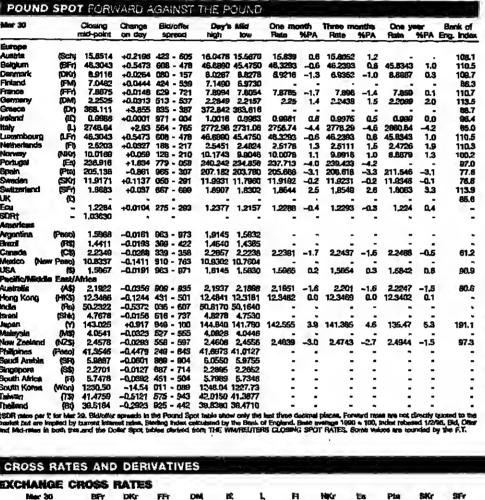
23 basis points to 95.17. Mr Tony Norfield, UK trea sury economist at ABN AMRO, said the Bundesbank's move "substantially changed" the trend for European interest rates. Others were less sure with some arguing that the Bundesbank would soon reverse the move, and more.

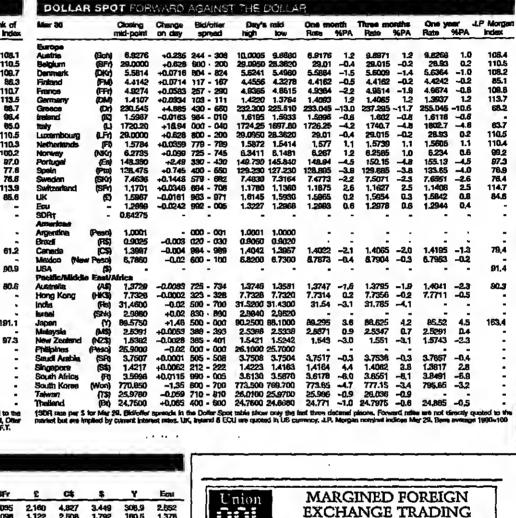
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iran .	2791.75 - 2793.52	1748.00 - 1750.00
Kepetik	0.4709 - 0.4715	0.2950 - 0.2952
Polestic	3.7752 - 3.7803	23650 - 23670
Russia	7818.27 - 7817.06	4894.00 - 4897.00
LIAE	5.8626 - 5.8663	3,5728 - 3,6731

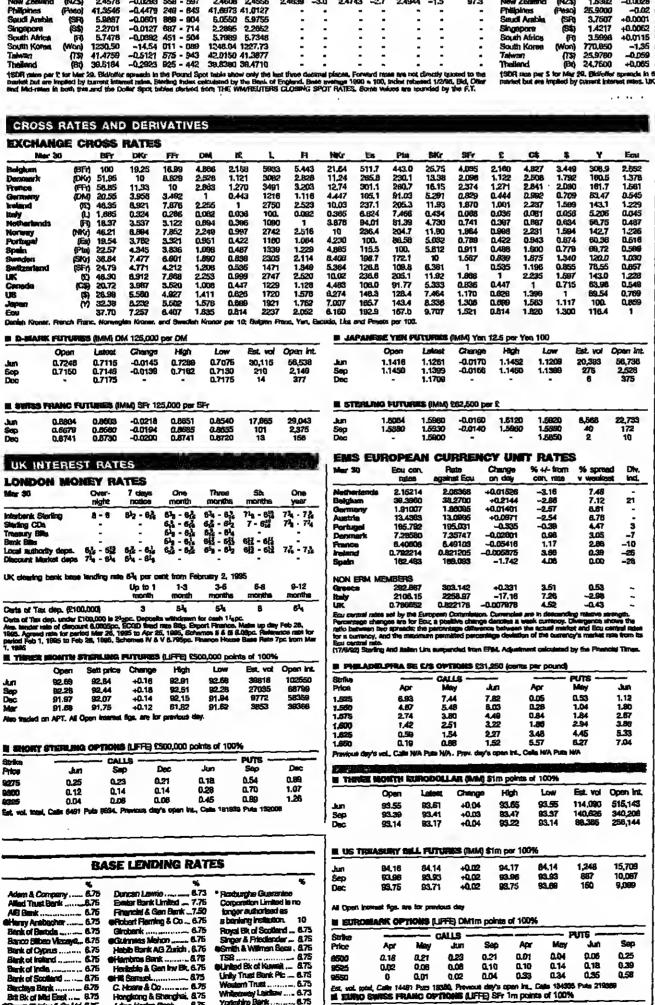


WORLD INTEREST RATES







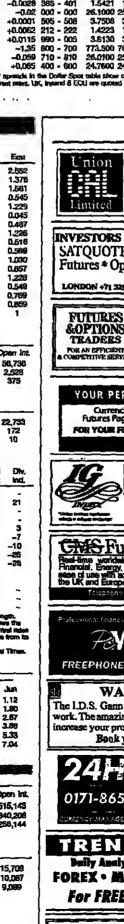


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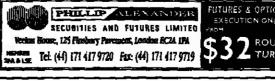
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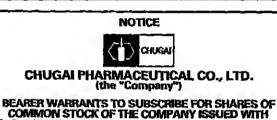


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1. Financial year before change:

From 1st January of e year to 31st December of the same year. 2. Financial year after change: From 1st April of a year to 31st March of the following year.

In accordance with such change, the current financial period of the Company began from 1st January, 1995 and will end today, 31st CHUGAI PHARMACEUTICAL CO., LTD.

1-9, Kyobashi 2-chome Chuo-ku, Tokyo, Japan

Conversion Price
To the Holders of
Conversion Price
To the Holders of
Convertible Subordinated Debentures due 2002
On April 15, 1994, Coeur d'Alene Mines Corporation (the "Company") made a 2.15 per share cash distribution, payable out of capital surplus, to the holders of its outstanding shares of Common Stock on April 4, 1994 Furthermore, the Company plans to make a 3.15 per share cash distribution, payable out of capital surplus, on April 10, 1995, for a result of those distributions, the conversion price of the 6% Convertible Subordinated Debentures due 2002 of the Company will be adjusted, effective April 21, 1995
25.00 to 25.5.7.
March 21, 1995

Floating Rate Board dine 2005
THE REPUBLIC OF ARGENTINA
In accordance with the provisions of the Fiscal Agency Agreement, notice is sereby given that for the six month Interest Period from March 31, 1995 to September 29, 1995, the Bonds, will carry on Interest Rate of 7.3125% p.a. and the Coupon Amount per U.S. \$1,000 nominal of the Bonds will be 15. \$36,000. March 31, 1995, Landon
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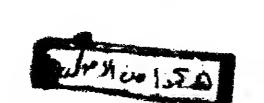
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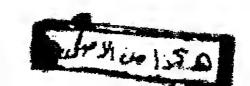
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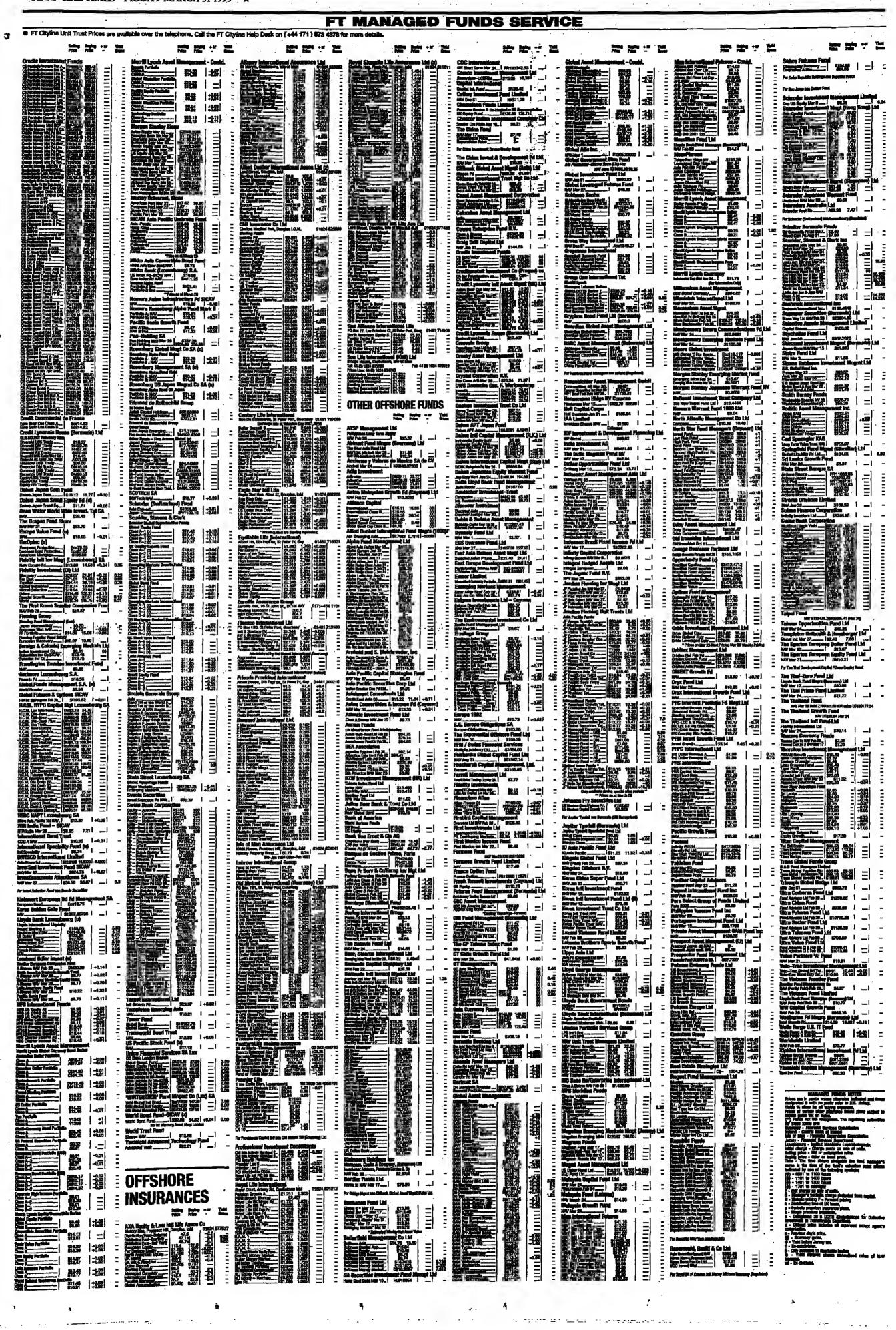
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MARKET REPORT

Shares race ahead on interest rate optimism

By Terry Byland, UK Stock Market Editor

The cut in the Bundesbank's discount and repo rates was entirely unexpected in the UK stock market, which responded very favourably to this sign of reduced interest rate pressure. The market, which had been treading water in the early part of the session, later jumped by nearly 34 points to a new 1995 closing peak following the Bundesbank's move.

Successive rate cuts in Austria. Belgium and Holland focused attention on whether France would soon follow suit. For the UK market this trend was a positive setting for next

week's meeting between the UK chancellor of the exchequer and the governor of the Bank of England. Some analysts were now prepared to argue that UK base rates might not need to rise again this year.

 \star

The FT-SE 100-share Index closed 33.9 points up at 3,176.2, having topped out at 3,188.9 in mid-afternoon. Although profits were taken at one time, the closing tone was very confident as the Dow Jones Industrial Average gained 11 points early in the New York session, reaching a new trading high to follow the peak close of the previous

There were strong gains among the dollar stocks which feature in the Footsie list, reflecting confidence that yesterday's rally in the dollar will prove the beginning of a recovery for the US currency.

Interest rate-related stocks, ranging from the banks, which see bad debt portfolios helped by subdued interest rates, and the consumer and retail issues, hoping for increased consumer spending, all moved ahead sharply.

At Strauss Turnbull Mr Ian Harnett commented that yesterday's move by the Bundesbank removed the spectre of higher interest rates for the near term.

The danger that the Bundesbank rate redoctions might spark inflationary pressure were raised by

some analysts. However, Mr Richard Jeffrey of Charterhouse Tilney believed that the strength of the D-Mark in recent months had damped such pressures in Germany.

The focus was on the blue chip international stocks, which are the most closely linked to currency and international interest rate factors. There was little opportunity for investors to move into the second line issues yesterday afternoon, but the FT-SE Mid 250 Index climbed 16.8 to 3,438.6 and the FT-SE-A 350 closed 14.8 higher at 1,573.5.

Traders identified further yearend tax-loss selling and this, combined with the sudden rush into the market in the second half of the

the water industry regulator

509p, and Yorkshire, 10 ahead

494p on a combination of US

selling and a note of caution

from SGST. However, Glaxo

rose 7 to 717p. Although some

analysts believe the mood of

optimism over the stock is

turning, particularly in the US.

others are still preparing buy

recommendations as they fore-

cast prospective savings to be

Wellcome. One leading US

house is poise to issue a buy

recommendation today. Well-

Medeva dropped 8 to 207p

after news that gas producer BOC is to press ahead with a

law suit in the US alleging mis-

use of trade secrets. BOC.

down a penny to 695p, filed the

suit against four former

employees and Medeva's

Inhalon Pharmaceuticals.

There was also an element of profit-taking after a good run.

Oil major Shell Transport

improved 10 to 715p, the shares

registering relief that the big

switch into BP which has been

carried out by Kleinwort Ben-

son for most of the week

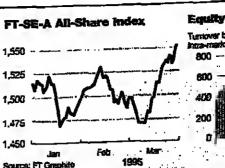
seemed to have finished. BP

come firmed 3 to 1056p.

at 525p on volume of 3m.

session, took the Seaq volume total to 810.7m shares, once again in the bull market range. The focus on the blue chips left the non-Footsie stocks lagging behind to make up

only 52 per cent of the total. On Wednesday 771.4m shares were traded, £1.83bn in terms of retail, or customer, worth to London based securities houses. Although this is a high figure by the standards of the past 12 months, it masks a tendency towards focusing equity husiness around a handful of the biggest market firms. Tax loss trading appears to strengthen this trend, since it is the large investment institutions which play the leading role in such operations.



FUTURES AND OPTIONS

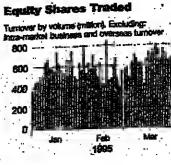
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FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index point

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Setback for Redland

Building materials group Redland dropped to the bottom of the Footsie performance charts, tumbling by 4.7 per cent as the company, world leader in concrete roofing tiles. effectively sliced a third off its

The news, accompanied by top of the range profits for 1994, came out of the blue, caught the market completely off guard and sparked turnover of 12m shares, an all-time high for the stock. The shares finished 22 weaker at 445p.

Some analysts felt Redland, once the darling of the income funds, could well experience further weakness in late April once the shares go ex the final dividend. However, UBS pointed out that the new yield level of 4.7 per cent remained at a premium to the Footsie

average. The dividend move, a radical attempt to circumvent unrelieved Advance Corporation Tax problems arising from a low level of UK profits, does at least bolster earnings per share - by 10 per cent on some

Hanson alert

International conglomerate Hanson was restrained early in the day by market speculation that it had its sights on a big US acquisition.

Hanson has for some time been seen as a putative aggres-

sor for one of tha UK's leading companies. Yesterday, dealers were saying it had its heart set on American Brands, the company that sold its tobacco arm

to BAT for \$1bn last year.

American Brands is capitalised at \$8bn and controls a range of companies from Dollond & Aitchison, the opticians, and cigarette group Gal-lagher to Jim Beam and Gilbey's, the spirits companies.

It would be an expensive buy for Hanson, which could lav its hands on about £2bn and raise much more through borrowing. There is a belief that if it were to angla for a fish of that size. Hanson would need to make a rights issue.

However, some analysts cantioned that Hanson would hardly be likely to move into the US at a time when it was busy demerging its US interests by friving off 34 US businesses, and could not take on Gallaher because it might run into monopoly restraints. The shares were off 2 in early trading and then, unable to resist the impact of the German rate cnt_closed a net 3% higher at 235%p. Turnover was heavy at

Vodafone uneasy

Mobile phones group Vodafone stayed out of step with the overall market, easing to 204%p as worries about March disconnections took hold.

The big build-up in sales ahead of Christmas is now starting to show through in heavy disconnections as subscribers hand back Christmas gifts they cannot afford to maintain. Vodafone is expected to publish March disconnection numbers on Monday, and the

betting among analysts is that tha so-called churn rate is going to be high. The shares saw 4.7m traded.

Submarine maker VSEL put on 12 at 1555p on the news that bid contender British Aerospace was to push ahead with the second instalment of its financing plan ahead of next month's monopolies ruling on the proposed takeover. GEC and BAe are in line to bid for VSEL and yesterday's funding statement from the latter was seen by the market as a clear sign that BAe is determined to

make a fight of it. However, the group's new £383m equity and warrants package, linked to any eventual cost of the takeover, is more complex than the original rights issue plan. BAe closed unchanged at 486p, having been 8 lower at one stage.

British Steel rose 4 to 160p in 17m trade as the company hosted a dinner for analysts. It was bullish about demand trends and hopeful about steel price rises in June.

Attention in the utilities focused on North West Water, which yesterday confirmed reports of a five-year plan for customer rebates and special dividends for investors.

The shares climbed 15 to 543p in turnover of 3.6m as the market welcomed the move from one of the UK's largest privatised water companies. Mr Robert Miller-Bakewell at NatWest Securities said: "I think this is good for share-holders as it will produce higher dividend distribution than was previously expected."

However, ABN Amro-Hoare Govett was "distinctly cautious" and Mr Nigel Hawkins at the broker said: "NWW is taking some risk in making these promises for the next few years. It will be crucial that the company outperforms the capital expenditure figures."

FINANCIAL TIMES EQUITY INDICES

Mar 30 Mer 29 Mer 28 Mer 27 Mer 24 Yr ago "High 2433.8 2405.9 2395.4 2417.4 2413.0 2438.2 2713.6 2238.3 4.35 4.38 4.42 4.38 4.39 3.82 4.96 3.43 7.07 7.18 7.19 7.12 7.15 5.21 7.39 3.82 Ord, city, yield Earn, yid. % full P/E ratio net P/E ratio nel 4.35 4.39 4.42 4.58 7.07 7.18 7.19 7.12 16.84 16.66 16.57 16.72 16.88 16.48 16.39 16.54 4.39 3.82 7.15 5.21 16.67 20.85 16.49 21.73

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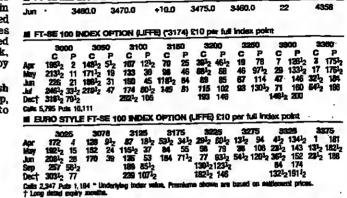
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cent St Louis stake is not up Market watchers were busy for grabs. Bowater benefited trying to guess which water from involvement in one of the company will be the next to big programme trades late on make a similar announcement, Wednesday and the shares particularly in view of comments made by Mr lan Byatt, improved 12 to 452p.

A big US broker was said to Candidates put forward have shown a keen interest in included Sonthern, up 8 at Thorn EMI. The shares moved 566p. Severn Trent, 3 harder 8t 13 ahead to 1090p. Clothes retailer Next, which reported figures earlier this week, Pharmaceuticals group SmithKlina Beecham fell 8 to bounced 11 to 291p, boosted by a NatWest recommendation.

In the drinks sector, Scottish & Newcastle jumped 15 to 529p, with James Capel said to favour the stock.

MARKET REPORTERS: Peter John, Joel Kibazo. Jeffrey Brown



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ened by strong gains in rivals Arjo Wiggins Appleton and	Gold Mises below (3 10 Regional believe	9 1518.85	+0.2	1815.19	1613.60	2077.90	2.33	2337.9	1637.91
Bowater. Arjo was the best performer in the FT-SE 100, rising 10 to 254p, with the market still refusing to accept that the 40 per	Africa (16) Australizada (7) North America (11) Copyright, The Feath Figures in bractors in Lutant prices were u	1996.82 1584.90 ctal 7kmm Un thow manufact	-0.8 -0.3 med 195 of comp	grice, Ser	2100.28 1577.81	2597,53 1805,12	2.08 0.83	2951.45 1911.2	2304.45 1788.20 1348.18 1/12/92.

FT - SE Actuaries Share Indices P/E Xd edj. Total ratio ytd Return Dey's Year Mar 30 chge% Mar 29 Mar 28 Mar 27 ego 15.50 44.44 1230.27 17.38 25.76 1305.39 16.72 25.86 1306.34 15.99 16.75 1245.29 +1.1 3142.3 3128.3 \$149.8 3088.4 +0.5 3421.8 3416.2 3418.8 3752.8 +0.5 3430.0 3423.3 3427.1 3778.5 +0.9 1558.7 1552.8 1561.4 1570.4 FT-SE 100 7.80 7.80 8.72 7.26 7.56 8.36 8.63 5.29 5.82 7.39 FT-SE-A 350 FT-SE-A 350 Higher Yield FT-SE-A 350 Lower Yield +0.9 1908.7 1958.8 1573.1 1578.4 +1.1 1571.0 1584.3 1573.1 1578.4 +0.8 1548.5 1541.3 1548.9 1521.9 +0.4 1708.34 1709.20 1708.22 1909.97 +0.3 1986.41 1685.47 1884.61 1888.05 +0.8 1538.43 1533.00 1540.81 1581.97 14.38 26.96 1037.72 18.41 12.13 1835.41 23.58 13.04 1351.31 21.32 12.78 1336.80 16.39 18.90 1248.97 3.06 3.53 3.75 4.12 FT-SE SmallCap ox Inv Trusts FT-SE-A ALL-SHARE # FT-SE Actuaries All-Share Dary's Year Div. Earn Mer 30 chge% Mar 29 Mar 28 Mar 27 ago yield% yield% 6.56 19.27 50.53 1124.98 7.52 16.80 91.07 1039.23 6.88 18.09 47.88 1145.82 1.38 80.00; 29.55 1180.40 3.76 3.83 3.87 10 MENERAL EXTRACTION(24) +1.4 2698.59 2685.10 2683.89 2439.96 +2.2 3583.13 3580.72 3582.92 3789.98 15 Of, Infogration(3) 16 Of Exploration 8 Prod(14) +1.4 2696 98 2675 05 2672 75 2351 36 -0.5 1984.88 1876.52 1965.70 1764.40 +0.6 1840.32 1834.54 1847.43 2052.77 ---- 958.99 953.86 952.42 1305.37 -0.2 1757.19 1737.01 1754.70 2108.37 18.43 19.86 964.50 16.27 7.86 763.64 18.60 4.54 836.92 20 GEN INDUSTRUALS(279) 20 GEN INDUSTRULISITYS 21 Building & Corretruston(38) 22 Building Masis & Mercha(31) 23 Chemicals(23) 24 Diversified Industrials(17) 25 Electronic & Elect Equip(37) 26 Engineering(72) 27 Engineering, Vehicles(13) 28 Paper, Poleg & Printing(27) 26 Tendiles S, Appund(21) 4.24 5.24 3.71 3.44 4.21 3.43 4.59 21.48 29.80 1011.11 16.50 84.89 961.27 17.56 6.02 973.70 +0.8 2217.55 2220.62 2226.87 2423.81 +1.2 1788.88 1799.07 1816.72 2047.98 +1.2 1941.35 1830.38 1941.05 1895.21 +0.8 1777.95 1778.14 1787.89 1913.24 19.42 15.05 1041.59 39.12 27.93 1077.49 18.21 34.05 1115.05 18.61 8.40 676.84 40.7 2155.81 2141.32 2164.55 2223.29 +1.3 2746.81 2741.43 2751.30 2883.10 +0.7 1512.19 1491.59 1499.03 1753.52 18.60 44.10 1054,84 14.70 11.98 1031,24 16.07 26.30 932,26 15.69 88.56 1048,65 39.11 46.68 978,33 39.40 7.48 993,50 28.66 49.21 1211,42 +0.8 2963.14 2945.93 2969.23 2689.47 +1.9 2210.25 2185.54 2185.32 2181.86 4.34 4.26 4.25 4.18 3.70 3.06 30 CONSUMER GOODS(94) 31 Browerlos(18) 32 Spirits, Wines & Ciders(10) 33 Food Producers(24) +1.2 2697.02 2657.45 2685.28 2573.53 +0.6 2409.80 2405.79 2400.94 2268.47 +1.5 2450.65 2469.83 2480.10 2562.46 +0.7 1687.54 1668.09 1720.78 ----- 3723.97 3712.60 3752.11 2815.04 2730.36 34 Household Goods(10) 36 Health Care(18) 37 Phermaceuticals(12) +2.8 3549.37 3554.43 3703.10 3842.20 38 Tobacco(2) 11.43 131.29 687.72 10.92 6.94 17.87 10.94 7.75 18.00 18.56 822.98 5.52 22.71 28.21 1075.65 6.05 20.41 21.71 998.03 4 8.70 14.09 2.88 1129.70 35 7.13 17.38 6.78 890.81 7.04 17.19 5.09 910.13 4 8.2 7.97 883.25 1035.71 +1.0 1909.56 1902.79 1912.06 2014.89 +1.3 2307.52 2262.47 2262.65 2957.86 +0.7 2125.60 2120.33 2136.34 2212.94 +1.1 2812.20 2797.18 2817.86 3664.77 +1.0 1850.84 1828.07 1837.86 1609.79 40 SERVICES(250) 41 Distributors(32) 1928.77 47 Destriburo(32) 42 Leisure & Hotels(29) 43 Media(43) 44 Retailers, Food(16) 45 Retailers, General(44) 48 Support Services(38) 49 Transport(21) 41.3 1609.23 1609.90 1620.36 1708.52 +0.7 1470.46 1478.74 1483.78 1629.23 +0.7 2211.47 2211.82 2208.76 2513.99 -0.2 1186.34 1184.58 1181.97 1181.87 1929.57 49 Trunsport(21) 51 Other Services & Bo 60 UTILITIES(37) 62 Sectricity(17) 64 Gas Distribution(2) 4.77 8.18 12.94 6.25 898.82 4.90 12.48 9.56 19.89 892.50 6.13 7.07 17.69 0.00 518.22 4.01 6.59 18.49 0.13 886.40 5.63 13.46 6.11 4.62 907.25 +0.8 2259.75 2248.65 2259.58 2382.63 2085.79 2092.05 2100.15 2359.66 +1.8 1818.51 1908.31 1929.46 2007.60 +1.1 2017.01 1995.10 2005.47 2037.41 +1.2 1758.67 1758.80 1757.20 1880.24 68 Water (13) 68 NON-FINANCIALS(864) +1.0 1659.20 1852.49 1661.18 1687.92 4.08 7.09 17.20 18.94 1208.81 +0.8 2225.88 2220.76 2232.20 2211.22 4.71 +1.0 2963.73 2947.96 2984.76 2805.21 4.58 +0.1 3075.22 3081.13 3079.90 2974.70 3.76 +1.2 1227.84 1234.93 1251.04 1337.33 5.71 -0.2 2482.79 2506.95 2507.14 2447.55 5.42 +0.4 1911.00 1905.44 1909.49 1815.25 4.02 +0.7 1375.11 1389.11 1370.24 1558.71 4.38 70 FRANCIALS(118) 71 Benics, Restal(9) 72 Banks, Merchant(8) 10.09 17.83 52.99 817.81 11.86 6.82 86.03 928.72 73 Insurance(26) 74 Life Assurance(6) 77 Other Financial(23) 79 Property(46) 60 INVESTMENT TRUSTS(133) 2827.71 +0.8 2610.99 2616.63 2619.67 2781.52 2.42 1.97 50.91 18.32 894.11 85 FT-SE-A ALL-SHARE(016) 1552,48 +0.9 1538,43 1533,00 1540,81 1561,97 4,12 7,39 16,39 18,90 1248,97 3.09 3.27

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Dow rises as bonds and **\$** fluctuate

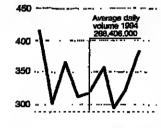
Wall Street

US shares traded within a narrow band on the heels of fluctuating bond prices and a sharply stronger dollar, writes Lisa Bransten in New York.

By noon the Dow Jones Industrial Average was 11.41 higher at 4.172.21, while the Standard & Poor's 500 was off 0.30 at 502.82. The American Stock Exchange composite rose 1.06 to 463.41 but the the Nasdaq composite was off 5.66 at 813.50. NYSE volume was 170m shares.

The session opened on a strong note as bonds rose in reaction to the Bundesbank's decision to decrease the discount rate in Germany to 4 per cent from 4.S per cent. The move caused the dollar to

NYSE volume



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strengthen substantially against the D-Mark and the Japanese yen, which in turn led Treasury prices higher.

Later in the morning, bowever, bond prices turned negative after data from the Labor Department showed a larger than expected decrease in the number of new claims filed for unemployment benefits. Although the dollar remained stronger against the Japanes and German currencies, It fell off its earlier highs.

Technology shares continued their recent slide as the Nasdag, which is beavily weighted towards those issues, underperformed the broader indices, and the Pacific Stock Exchange technology index slipped more than 1.6 per cent. Microsoft and Intel, the two

largest companies in the Nas-

daq composite, each lost ground Microsoft slipped \$1% to \$70% and Intel lost \$2 at \$85.

Among high-tech issues on the NYSE, IBM, which is also the only pure technology company in the Dow, shed \$% to \$82%; and Micron Technology continued its recent slide,

Automobile makers added to recent gains. Chrysler, which had fallen from more than \$51 in January to \$38% earlier this month, advanced \$1% to \$42%. Ford was \$% higher at \$27% and General Motors climbed \$% to \$45%.

WellPoint Health Networks moved ahead \$2% to \$36% after reports that Blue Shield of California had offered \$48 in cash and stock to buy the healthcare services company. On Monday the company added \$2% after it said that it had been approached by potential buyers offering as much as \$45

were \$2¼ higher at \$25%.

cents per share.

Canada

ness and in late morning trade the TSE-300 index was edging ahead, up 4.70 at 4,303.70, with analysts pointing to Canada's fiscal uncertaintles as an explanation for the market's reluctance to ally itself too closely to Wall Street.

Precious metals gained 1.S per cent after a sudden leap in gold futures on Comex. Barrick Gold rose by C\$% to C\$33% and Pegasus Gold was C31/4 ahead

On the opposite tack, the transportation sector fell 1.8 per cent, reflecting weakness in Air Canada after a C\$500m debt and equity issue announced late on Wednesday. The shares fell C\$1 to C\$61/4.

ment's decision to lift import tariffs on a range of durable consumer goods, and showed a rise of 1.4 per cent by midses-sion, with the Bovespa index in

would raise the import tariffs on 100 durable goods to 70 per cent, while those on cars would be lifted to 32 per cent. The decision was taken

Gold stocks up in S Africa

at 5,217.3, industrials added

index gained 7.4 at 1,385.7. Among individual features, Anglos moved ahead R2 to R193 and Gold Fields 50 cents to R93, while Gencor went against the trend, shedding 15 cents to R11.60. Elsewbere, Western Areas firmed 50 cents to R41.50. Loraine lost 25

dropping \$4% to \$74%.

James River added nearly 10 per cent to its value after the company reported late on Wednesday that it planned to concentrate on consumer products and spin off its other businesses. Shares in the company

Sunbeam-Oster, the consumer products company, declined \$1% to \$22% after officials said that they expected first-quarter earnings to be nearer to 36 cents a share than analysts' expectations of 39

Toronto overcame early weak-

Brazil improves 1.4%

Brazillan equitles were country's trade deficit. encouraged by the govern-

São Paulo 436 ahead at 32,418. The government said that it in an effort to offset the 377.03 by midday.

MEXICAN stocks gained 0.8 per cent in active early trading as hopes resurfaced for a peaceful settlement to the con-flict in the southern state of Chiapas. The IPC index was up 14.67 at 1,825.57. Guerrillas in Chiapas said on Wednesday that they were prepared to meet government officials for peace talks. ARGENTINE equities continued to strengthen, adding 6.90 or 1.9 per cent at

South African shares finished 13.1 at 6.620.1 and the golds slightly higher in a session characterised by an absence of news. Gold stocks improved in late trade as the price of bullion strengthened.

The industrials sector struggled for direction amid minimal investor interest. The overall index put on 5.8 points cents at R9.75 and Freegold crept up 25 cents to R43.25.

Buba cut makes case for rate-sensitive stocks

The Bundesbank, once again managed to do the unexpected yesterday, reducing the discount rate as well as the repo rate, writes Our Markets Staff. A euphoric initial reaction in German equities was curbed later as bunds and bund futures erased earlier 50-basis point gains.

Mr Mike Young, director of European investment strategy at Merrill Lyncb in London, said currency appreclation since the beginning of this year had produced an effective tightening in the German economy which would be offset only partly by yesterday's rate cuts. The most dramatic effect of the Buba move in European equity markets, he maintained, was likely to be on interest rate-sensitive stocks ontside Germany, but inside the

D-Mark block and in France. PARIS celebrated the German cut, the CAC-40 index soaring from stasis to close 40.58 or 2.2 per cent better at 1,893.00 after a high of 1,899. Turnover reflected the positive mood at FFr5.6bn.

Financials caught most of the benefit and the sub-index rose by 2.6 per cent, with Soc-Gen up FFr30 or S5 per cent at FFr572 and Bancaire by FFr16 at FFr550. Paribas closed 6.7 per cent stronger at FFr297, up FFr18. Among insurers, UAP

FT-SE Actuaries Share Indices T. A. World THE EUROPEAN SERIES Open 10.30 11.00 12.00 13.00 14.00 15.00 Closs Housiy changes FT-SE Eurotrack 100 1237.76 1237.59 1237.70 1237.30 1250.63 1269.49 1267.96 1288.27 FT-SE Surphrack 200 1350.51 1350.17 1351.84 1350.49 1365.10 1376.45 1377.03 1378.38 Mar 24 Mar 29 Mar 28 Mer 27 1241.50 1355.45 1228.24

gained 7.6 per cent at FFr128.50, up FFr9.10, and Axa, which reported a rise of 11 per cent in its 1994 group net profits, put on FFr4.90 at FFr257.60.

Peugeot was also among the day's leaders, rising FFr32 or 5 per cent to FFr675, in contrast to Renault, down FFr1.20 at FFr164 in a continued, negative reaction to disappointing results earlier in the week. Saint-Gobain rose FFr19 to

payment by 7 per cent. FRANKFURT moved from a Dax indexsession close of 1.918.46, through a high of 1,966.84 to a post-bourse close of 1,949.76, up 30.91 or 1.6 per cent on the day.

FFr615 as it announced that it

would lift lts 1994 dividend

Turnover eased from DM7.6bn to DM7.1bn. The official session saw strength in chemicals but weakness in banks, retailers and utilities, many of which had attracted switching recently from the

currency threatened cyclicals. There were similarities after bonrs, although Deutsche Bank recovered from recent weakness to finish DM11.10 better et DM657.10. Carmakers. and some engineers and steels, joined chemicals on the upgrade, with Daimler DM14.70 higher at DM632.20 and Mannesmann recovering DM7.90 to

v: 100 - 1238.70 200 - 1348.94 † Partial

DM367.80. Siemens, no follower of fasbion, rose DM15.10 to DM654. Merrill's Mr Young said this was part of a general rotation into late cycle stocks.

ZURICH moved ahead after Swiss National Bank followed the Bundesbank, lowering its own discount rate by 1/2 percentage point. The SMI index climbed 38.1 to 2.533.1. SBC bearers led banks

higher, rising SFr10 to SFr378 after buying during the morning by a smaller Swiss bank. Against the trend, Swissair finished SFr45 down at SFr605,

but off a low of SFr570, after the company said it was omitting the dividend on lower than expected 1994 results.

Interdiscount, the consumer electronics and photographic retailer, dropped SFr190 or 12.9 per cent to SFr1,280 after it passed the dividend on sharply lower 1994 profits

Buba's lead, the Dutch central bank trimming its secured loans rate by 50 basis points to 4.00 per cent and the AEX index responding with a rise of 6.87 to 399.94, off a session's high of 400.21.

cents ahead at Fl 57.60 and ING, which also announced a 13 per cent increase in 1994

the trading and transport group rising F14 to F197 on a 1994 net profits gain of 51.5 per expectations.

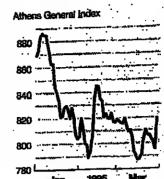
bank's move and the Comit index rose 5.58 to 605.96.

Athens General Index 860 -AMSTERDAM followed the

Source: FT Graphite Financials were firmer on the news, with ABN-Amro 80 profits, Fl 1.60 higher at Internatio Mueller featured,

cent, which exceeded analysts' MILAN was cheered by a firmer lira after the Bundes-

Telecom Italia closed L124 higher at LA.066 after a Rome court rejected Omnitel-Pronto Italia's attempt to block the launch of TT's GSM mobile telephone system tomorrow. Oli-



vetti, leader of the Omnitel consortium, fell L40 to L1,648. Ferruzzi gained L24 at L1,010 after saying that it was willing to launch a public buy offer for Gaic, which rose L58 to L501. Banks had a better day, in

spite of their recent poor

results, Mediobanca reporting lower first-half gross profits and rising L188 to L12,113. BRUSSELS gained 1.5 per cent in response to local discount and central rate cuts. The Bel-20 index finished 18.77

higher at 1,311.26. Barco, the electronics group, profited from a firmer dollar and strong 1994 earnings published late on Wednesday, finishing BFr110 or 5.1 per cent to the good at BFr2,310.
ATHENS took off on Wednesday's EU clearance of a new airport project for the city, the general share index rising 23.96 or 3 per cent to 819.31 in turn- ... over of Dr4.37bn.

Construction shares rocketed to the daily volatility limit of 8

Analysts said that EU approval of the airport project suggested that other Greek infrastructure projects could be cleared as well.

MADRID put on 2 per cent the general index closing 5.30 higher at 269.53. Its interestrate sensitives, the electrical utilities Endesa, Iberdrola and Sevillana, all scored gains of more than 3 per cent. STOCKHOLM was led higher

by cyclical and rate-sensitive stocks, Volvo putting on SKr8.50 at SKr130 and Skandia SKr7 at SKr117 as the Affarsvärlden index finished 31.40 or 2.2 per cent ahead at 1,471.20. ISTANBUL stood on the accelerator, the composite index rising 1,716.85 or 4.5 per cent to yet another all time high of 39,496.14. Turnover also soared to a new peak of

Cochrane, Michael Morgan and

TL12,462bn from Wednesday's

TLS.250bn.

Nikkei ahead as Manila extends rally into third day

Tokyo

The Nikkel 225 average rose marginally in low volume on buying by corporate investors and arbitrageurs, writes Emiko Terazono in Takuo.

The index closed 51.49 higher at 16,512.22 after fluctuating between 16,327.09 and 16,607.89. Banks and corporate investors were among the buyers, but late afternoon arbitrage unwinding eroded some of the

The Topix index of all first section stocks rose 6,36 to 1,319,45, while the Nikkei 300 added 1.24 at 244.60. Advances led declines by 548 to 447, with 146 issues unchanged. In London the ISE/Nikkel 50 index climbed 16.75 to 1,111.41.

Volume was 203m shares, against 234m. Most investors were inactive ahead of today's fiscal year-end, and the closure of investment books. Meanwhile, the rise in the yen against the dollar weighed on

The Tokyo SE said life and non-life insurers, banks and investment trust funds were net sellers last week when the Nikkel 225 fell to a two-year low. Contrary to expectations corporate investors posted the first net buying in 39 weeks. Brokers, individuals and foreigners were also net buyers.

Tosoh, a chemical company, jumped Y80 to Y471 on reports of a new Aids drug co-devel-oped with a research institute and universities. The rise prompted a rally in other drug and chemical makers: Sankyo firmed Y20 to Y2,050 and Takeda Chemical Y10 to Y1.110.

Nippon Telegraph and Telephone was unchanged at Y760,000, having risen 8.4 per cent over the past week as bro-kerage analysts released reports on the favourable effects of a split in the company's operations. Profit-taking depressed the stock in early trading yesterday, before it later recouped the loss on bar-

Mitsubishi Bank and Bank of Tokyo, which announced a merger on Tuesday, continued to improve, gaining respec-

tively Y20 at Y2,070 and Y10 at Y1.460. Other banks were also higher, with Industrial Bank of Japan up Y60 to Y2,310 and Dai-Ichi Kangyo Bank putting on Y10 at Y1,730.

Heavy electricals gained ground on bargain bunting: Toshiba rose Y4 to Y589 and NEC Y14 to Y934. However, Sony declined Y50 to Y4,320 and Pioneer Electronic fell Y70 to Y1.790. In Osaka, the OSE average

moved up 77.95 to 18,247.05 in volume of 297.7m shares, Roundup

A mixed tone was seen

throughout the region with individual developments driving markets. MANILA advanced for the third consecutive session, strong buying by foreign and institutional investors pushing the composite index ahead 31.77 or 1.4 per cent to 2,372.35 in moderate activity, volume

amounting to 1.544bn shares. ABS-CBN Broadcasting soared 9.9 per cent in late trading, closing 6.50 pesos higher at 72 pesos following the declaration of a 100 per cent stock dividend and a 50 centavos

cash dividend. TAIPEI rose on news that mutual funds would be allowed for the first time to buy stocks in their competitors. The weighted index put on 49.70 or 0.8 per cent to end at the day's peak of 6,514.46 in active turn-

Shares in mutual funds advanced, with Core Pacific gaining 30 cents at T\$9.80. The market moved forward In early trade as electronics and plastics continued their strong trend on high profits expectations, rising 3.3 per cent and 2.8 per cent respec-

over of T\$60bn.

tively, with both sectors the focus of mutual fund buying. KARACHI finished higher as individual traders squared their sbort positions but, said ine buying.

dealers, there was little genu-The KSE 100-sbare index gained 11.82 at 1,655.26. Dealers also noted speculative buying in PTC and Pakistan Synthetic,

which appreciated Rs0.60 to



Rs31 and Rs1.40 to Rs44.46. SEOUL declined for the fourth trading day in a row in

to attend the

Source: FT Graphite

thin turnover, the composite index losing 9.51 et 926.93 after touching a high of 941.68. Samsung Electronics spearbeaded falls in blue chips.

going limit down as it shed Won3.000 to Won115.200: investors here were wary ahead of the expected listing of new Samsung shares next month, following a recent rights issue. Steelmaker Posco slipped Wonl.600 to Won64,700.

SINGAPORE ended weaker on profit-taking. Brokers said charts pointed to resistance near the 2,150 level for the Straits Times Industrial index. which closed 20.58 lower at 2.101.83.

Keppel dipped 10 cents to S\$11.40, with investors continuing to sell on worries that the

company's Philippine interests could be threatened by a deterioration of Philippine-Singapore relations following the execution of a Philippine maid earlier this month. KUALA LUMPUR saw inves-

tors book profits after two days of solid gains in anticipation of Wednesday's positive 1994 Bank Negara annual report. The composite index ended 8.06 points off at 979.65, having gained 3.7 per cent in the previ-Resorts World, the casino

group, fell 60 cents to M\$13.50 after reporting disappointing 1994 results. Genting, its par-ent company, receded 10 cents

HONG KONG was moder-

ately lower in light trade. Gov-

mostly exceeded expectations but failed to stimulate the market the Hang Seng index easing 56.58 to 8,676.17 in turnover of HK\$3.3bn, little changed from Wednesday. Henderson Land relinquished 50 cents at HK\$44.10 and SHK Properties declined 75 cents to HK\$\$3.50. HSBC was up 50 cents to HK\$88 and Hong Kong Telecom eased 5 cents to HK\$15.25

futures contracts on the two SYDNEY was softer on the closing ont of options and futures contracts. The All Ordinaries index fell 8.4 to 1,884.6, better than expected balance of payments data for February having a neutral impact.

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INVITATION

to the Shareholders and Holders of Participation Certificates (hereinafter "Raiffeisen-Vermögensanteile")

ORDINARY GENERAL MEETING OF SHAREHOLDERS

of Roiffelsen Zentralbank Österreich AG to be held on Wednesday, April 26, 1995 at 10.45 a.m. in 1030 Vienna, Am Stadtpark 9,

1) Presentation of the Annual Financial Accounts, of the Business Report of the Board of Management with the Report of the Supervisory Board for the fiscal year 1994

Resolution on the release from liability of the members of the Board of Management and of the Supervisory Board

In case votes are exercised by proxy, a written proxy is required which shall be retained by the company.

4) Election of the members of the Supervisory Board

5) Resolution on the reimbursement of the members of the Supervisory Board 6) Election of the auditors for the fiscal year 1996

7) Resolution on an amendment to the Articles of Association

Shareholders shall be entitled to attend the Meeting upon presentation of a certificate of deposit evidencing the deposit of their shares or interim certificates with an Austrian natury public or with an Austrian or foreign bank. The deposit must be effected not later than

April 20, 1995 pursuant to Section 1B of the Articles of Association. The voting power of the shareholders corresponds to the nominal value of the shares.

Holders of "Raiffeisen-Vermögensanteile" are entitled to attend the Ordinary General Meeting. They shall have to prove their right to attend in the same manner as the shareholders by analogy to Section 18 of the Articles of Association. The Annual Financial Accounts can be inspected at the seat of the company in 1030 Vienna, Am Stadtpark 9, during a period of 14 days prior to the General Meeting of Shareholders.

THE BOARD OF MANAGEMENT

INVITATION

to attend

to the Holders of "Raiffeisen-Vermögensantei

A BRIEFING concerning the Annual Financial Accounts for the fiscal year 1994 to be held on Wednesday, April 26, 1995 at 9.00 a.m. in 1030 Vienna, Am Stadtpork 9, 9th floor, Conference Room 8.

Holders of "Roiffeisen-Vermögensanteile" ore entitled to attend this briefing. They shall have to prove their right to attend in the same manner as the shareholders by analogy to Section 18 of the Articles of Association. Vienno, March 1995 THE BOARD OF MANAGEMENT



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APPOINTMENTS

SENIOR METALS TRADER This leading international investment company requires a Senior Metals Trader to

dertake responsibility for making markets and taking trading positions in metals The successful applicant, aged 20-25, with minimum 3 years' base and precious metals trading experience, preferably gained within large dealing room environment, must have the experience, capabilities and judgement to independently handle major customer orders, thorough knowledge of metals trading including market liquidity and olatility, pricing and trading/hedging strategies. Salary negotiable. Please

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Austria (16)185.63	1.3	170.63	103.38	132.92	132.85	-0.4	1.22	183.32	189.78	103,47	133,40	133.35	198.89	167.46	184.71	
Belgium (35)179.86	1.5	165.13	100.06	128.64	125.70	-0.1	4.21	177.07	164.00	99.94	128.85	125,81	180.87	1S1.53	168.09	1
Brazil (26)117.84	-1.7	108.32	65.64	84.38	196.42	-21	1.62	115.88	111,03	67.66	S7.24	200,70	_	_	_	ı
Canada (105)133,79	-0.2	122.95	74.52	95.80	135.99	-0.1	2.57	134.01	124,12	75.84	97,52	136,18	140.25	120.54	133.36	1
Denmark (33)253.23	-1.0	232.77	141.04	181.32	189.75	-22	1.65	255.84	235.95	144.40	186.17	193.97	275.27	236.61	265,09	ı
Finland (24)171.13	-1.2	157.30	95.32	122.54	155.97	-22	1.53	173.12	160.40	97,7S	126.02	159.52	201,41	133.88	143.60	ı
France (101) 177,91	2.1	163.53	99.09	127.39	135.88	0.6	3.16	174.29	161.42	98.37	126.82	135.05	180.93	157.79	172.96	ı
Germany (58)145.58	1,9	133.82	81.09	104,24	104.24	0.3	214	142.85	132.30	50.62	103.95	103.95	154.61	132.08	139.47	ı
Hong Kong (56)352.34	-0.8	323.88	196.25	252.30	349,80	-0.6	3.78	355.1S	329.94	200.46	258.45	352.59	416.42	277.40	392.67	١
Teland (18)211.14	0.0	194.06	117.60	151.19	784.21	-0.8	3.65	211.20	195.61	119.20	153.69	185.25	217.10	177.56	167.14	ł
ttaly (58)	-0.8	63.33	38.38	49,34	87.54	-0.9	1.79	88.48	84.35	39.22	50.56	88.34	S7.79	65.45	80.1S	ı
Japan (484) 150.01	0.3	137.89	83.55	107.41	83.55	-1.0	0.91	149.48	138,44	84.37	108.78	84.37	170.10	136.95	153.97	ı
Medaysia (97)493.39	3.1	453.53	274.81	353.29	461.47	3.0	1.64	478.41	443.10	270.03	348.14	467.54	594.76	396.16	452.69	ł
Mexico (18)	-21	766.32	464,35	596.95	6202.79	-1.1	1,75	851.80	788,91	480.76	819.84	6272.36	2414.12	847.81	2087.39	ı
Netherland (19)234.48	1.8	215.54	130.61	167.90	165.08	0.1	3.78	230.42	213,41	130.05	167.68	164.95	234.48	191.28	196.70	ı
New Zealand (14)	0.1	68.81	41.70	53.86	S1.30	0.0	4.S1	74.75	69.24	42.19	54.40	61.28	77.20	62.05	64.22	ı
Norway (23)207,93	0.4	191.12	115.81	148.88	174.26	-0.7	2.27	207.17	191,87	116.93	150.75	175.56	216.03	177.53	195.39	ı
Singapore (44)361.31	1.0	332,12	201.25	258.72	235.68	0.7	1.82	357.73	331.32	201.91	260.32	234.09	401.38	297.62	308.35	ı
South Africa (59)	0.3	306.72	185.86	238.93	261,71	0.0	2.60	332.56	308.01	187.70	242.00	261.59	342.00	205.55	247.BB	ı
Spain (38)125.81	0.2	115.74	70.13	90.18	121.84	-0.5	4.53	125.60	116.33	70.89	91,40	122.55	150.21	124.10	142.06	I
Sweden (48)232.23	-1.2	213.47	129.35	166.29	251.S1	-1.2	2.26	235.03	217.68	132.66	171.03	254.63	247.40	196.70	205.50	١
Switzerland (47)180.91	1.4	166.29	100.76	129.54	127.36	-0.5	1.95	179.49	165.31	100.74	129.88	127.75	150.91	149.91	162.57	ı
Thelland (46)143.08	1.6	131.52	79.69	102.45	137.08	1.5	3.06	140.79	130.39	79.46	102.45	135.07	-	-		ı
United Kingdom (203)205.27	1.2	188.68	114.33	146.98	188.88	0.4	4.35	202.87	187,89	114.50	147.63	167.89	205.58	181.11	191.65	ı
USA (511)205.56	-0.1	188.95	114.49	147.18	205.56	-0.1	2.76	205.79	190.59	116.15	149.75	205.78	205.79	178.95	184.35	ı
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Nordio (128)222.22	-1.0	204.27	123.77	159.12	198.42	~1.5	203	224.51	207.93	126.72	163.37	201,43	235.72	197.70	202.96	ı
Pacific Basin (809)158.26	0.3	145.48	88.1S	113.33	93.82	-0.8	1.27	167.71	146.07	89.02	114,77	94,54	176.86	145,93	162.38	ł
Euro-Pacific (1528)	0.7	152.25	92.25	118.60	114.08	-0.4	2 †8	164.45	152.31	92.82	119.S7	114.53	175,14	154,73	164.17	ı
North America (614)201.11	-0.1	184.86	112.02	144,00	200.82	-0.1	2.75	201.34	186.48	113.64	145,51	201.05	201.34	175.67	191.18	١
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Pacific Ex. Japan (325)239.58	0.3	220.23	133.45	171.56	212.44	0.3	3.22	238.79	221.16	134,77	173.76	211.74	273.13	211.15	244.97	١
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RECRUITMENT

There seems to be a new buzzword doing the rounds in executive renumeration. It is not a new word, or a particularly new concept in the way that it is being applied. But the growth patterns of the world economy have convinced at least one academic that its time has come. The word is

It has been popping up in several quarters. Vicky Wright, managing director of Hay UK, the pay consultants, alluded to it the other day when she was outlining the background to what may soon be remembered as the rise and fall of the executive share option.

Wright argues that British companies must start to follow the example set by some of their US counter-parts and develop the concept of ownership in share option schemes. Certainly there seems little historical justification for the continuation of the executive share option in the way that it has been granted over the last 10 years.

Increasing company share ownership among executives was one of the notions behind creating in the 1984 Finance Act, an income tax exemption on the profits made from their exercise. At that time when top marginal income tax rates were 60 per cent, companies were given the opportunity to grant executive share options up to four times annual salary, the profits from which would be taxed as JOBS: Tying-in the interests of workers and managers with greater employee share ownership

More acquire taste for fruits of industry

a capital gain, then 30 per cent. It was these tex advantages that sent boardrooms scurrying into options, immediately awarding the maximum amounts available in many cases. Given the uncertainty. of the 1987 general election outcome and the possibility of a change of government that would remove the tax concession, companies treated the new arrangement as if it were a one-off opportunity for tax-efficient

The inspiration for the widespread move into share options, therefore, was short-term gain. Companies were making hay while the sun was shining. Today the income tax exemption remains but the rate of capital gains tax and that of the top marginal rate of income tax is the same - 40 per cent. The only advantage on exercise is in the time the tax becomes payable and the tax-free exemption on the first £5,800 (rising to £6,000 in April) of an annual capital gain.

The way that share options were awarded created an immediate problem when the options became exercisable. New options could only be awarded if old options were exerand take new issues in their place. "It was almost a virility symbol to have share options. If you didn't have them you were an incomplete executive," says Wright.

Options have not always been the

marvellous park that is often por-trayed, particularly for executives whose arrival at a company was timed badly with the award of options. Those who were awarded options immediately prior to the October 1987 stock market crash, for example, needed to hang on to them for some time before their value was restored sufficiently to make their exercise worthwhile. Because these people had been granted the maximum allowed, they could not get any more after the crash. In such cases it was not uncommon for executives to view share options as a waste of time,

says Wright.
This observation has led Wright to suggest that companies would be far better advised to award options in smaller parcels using the "little

and often" principle. Exacutive share options are viewed somewhat differently in the

cised so the trend was to exercise US. One strand of opinion holds that share options encourage risk and goes so far as to sugge they were partly responsible for the rise in mergers and acquisitions in the 1980s. They are, as Wright observes, a one-way bet. If the price goes up, you win. If it goes down, you have lost nothing. There is a

danger in these circumstances that

they may ancourage the wrong

behaviour, she says.

n a series of interviews with executives, Hay discovered that Liwo views prevailed: that share options were part of the overall executive reward package, and that the executives themselves believed they had no personal influence on share price. "Some called it a free

ticket to a lottery," says Wright. Wright believes the answer is in ensuring that a share interest is held over a longer term where executive influence may well become apparent. She also says that companies which clearly communicate the idea that the share option is part of an incentive tend to plant the con-

cept far more effectively.

The share option debate is mov-

ing from the 1980s view that they were perks or incentives to a 1990s e about promoting ownership. Are directors today prepared to take the risk of actually owning shares in their companies?

In some companies, particularly in the US, a certain shareholding is expected. It may even be a requirement. At General Electric, for example, Jack Welch, the chairman, is required to hold a high multiple of shares in relation to his pay and many of his share options cannot be exercised until he retires.

The theory behind this reward system, says Wright, is that the shareholders are saying "If we as a company are prepared to make you seriously rich as an executive, we want to make sure that you are going to make us seriously rich

The key, therefore, to future exec-

utive share option schemes may be. to tie in some ownership and to dis-tribute options in smaller parcels. The debate in some circles is broadening much further than spreading ownership among executives, but rather among all employ-

ees. In a forthcoming book Jeffrey

is outlining what seems a powerful economic argument for greater employee share ownership.

Gates' ideas, which may prove more seductive to former socialists than capitalists, are based upon the belief that there is an argent need to stem the fast growing gap between the haves and have nots. If allowed to continue unabated, he says, it threatens to destabilise

Essentially, Gates is talking about spreading the concept of capitalism throughout workforces, creating worker-capitalists who collectively own their own companies. It may not be a pipe dream. He points to the growth in employee sharehold ings already apparent in the US. If US employee stock ownership growth centinues at its present rate, says Gates, by the year 2000 more than a quarter of publicly-traded companies will be more than 15 per cent owned by their employ-

He makes some cogent points. More US workers are connected to their companies via share ownership than by membership in trade

unions. He points to the popularity of employee ownership in the former Soviet Union, the Czech Republic, Jamaica, North Africa, Egypt, Pakistan and China. In one example, Gates demonstrates how unions have embraced the ownership concept to their advantage. During the early 1980s, the United Steelworkers, one of the oldest and most militant unions in the US, began exploring new bargaining strategies for its ageing members. Realising that lower cost competition would force them to work for lower wages, the Steelworkers began bargaining for shares in the companies where they worked and gained large stakes, even control in some cases.

With its new closer relationship, the union was transformed into a far more co-operative and moderate organisation.

Gates' research, which deserves closer examination, goes on to outline strategies for increasing employee ownership. Given the pro-pensity for the largest shareholding institutions - the pension funds, which themselves control funds for the benefit of employees - to treat their investments as speculative ventures often made for short-term gains, some stronger, more stable ownership among the true stakeholders, the employees, would seem to have considerable attractions.

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- Graduate calibre, with an accountancy or other business qualification.
- Probably in the age range 45-55.
- Significant experience in evaluating and monitoring investments in the \$5M-\$25M range.
- Able to relate and adapt culturally to the Saudi Arabian business environment.

If you wish to apply for this position, please send your CV with current salary details to:

Geoffrey Mather, K/F Associates, 252 Regent Street, London, WIR 6HL, quoting ref: 90859/A.

K/F ASSOCIATES

KORN/FERRY CARRÉ/ORBAN INTERNATIONAL

TRAINERS IN **BANKING AND FINANCE**

The Crown Agents have established a strong reputation in the field of financial training both in the UK and overseas. in order to accommodate the growth in our business we are seeking to extend our database of experienced trainers for both short and long term assignments. Most of our projects are aid funded and we are particularly interested in trainers who have worked in East end Central Europe and in the FSU countries

Foreign Exchange and Derivatives Treasury Management Strategic Planning and Marketing Institution Building Accounting Management and Audit Banking Regulation and Supervision Commercialisation of Public Enterprises Securities and Capital Markets Credit and Risk Management Retail Banking Project, SME and Trade Finance Debt Managemen Economic Crime

Candidates with training experience in one or more of the areas listed above are invited to send a detailed curriculum vitae and a covering letter specifying their areas of expertise to Ms Inga Gebhardt. Closing date will be 18 April 1995.



Crown Agents St. Nicholas House, St. Nicholas Road,

Sutton, Surrey SM1 1EL Crown Agents is an Equal Opportunities Employer

TRANSWORLD ASSET MANAGEMENT

Based in Tel Aviv, Israel, this naw asset management company seets applications from dealers with experience in any of the following:- foreign exchange, financial and comm tutures, equity and bond merials. The company will offer a generous retriuners package to successful candidates who should have a minimum of 3 years dealing experience in the international markets, interested applicants should send their a.v.'s along with a covering letteer to the following address:- Transworld Asset Management, P.O. Box 23865, Tel Aviv, ISRAEL

Further information relating to the above vacancies can be of by telephoning the Chief Dealer on: 010-972-3525-5665.

An established financial institution specialised in the trading of the currency market in the Asia Pacific is looking for qualified persons to fill in the following vacancies:

- 1. FOREIGN EXCHANGE TRADER
- 2. FOREIGN EXCHANGE ADVISOR

The successful candidate will be based in Singapore and be responsible for the day to day trading aspects of the

He or she should be able to provide market reviews and cooduct presectations/seminars as required within our network in the Asia Pacific regioo.

Pre-requisites:

O Single, aged 35 years or below

- O At least 5 years working experience as a foreign exchange trader/advisor to a recognised financial
- OA pleasant and independent working attitude with leadership quality.
- O An attactive remuneration package commensurate with qualifications and experience will be offered to the right candidate.

Term contracts can also be oegotiated.

Please apply with detailed resume including current and expected earnings together with a recent photograph to:

> The Managing Director 111 North Bridge Road Unit 12-06 Peninsula Plaza Singapore 0617

City Law Firm

DIRECTOR OF FINANCE

To £80,000

This firm is a progressive, financially sound medium sized City law practice, with regional offices in the UK and a network of associated offices throughout the world. Recognising the fundamental importance of strategic and financial planning, it seeks to appoint a Director of Finance to work alongside the firm's senior management.

Likely to be aged over 35 and a qualified accountant (or MBA), the Director of Finance will be a member of the firm's management team. Responsibilities will include the further development of the firm's financial and investment strategy and as importantly, the effective communication of complex financial and management information to the partnership as a whole.

Previous experience of working within a partnership will be an advantage but is not a prerequisite. A creative, commercial approach and well-honed communication skills are essential.

The firm views this appointment as critical in achieving its ambitious business objectives. This will be reflected in the package and status offered.

Please reply, enclosing full details in complete confidence, to Stephen Rodney or Greg Abrahams at Quarry Dougail Recruitment, 37-41 Bedford Row, London WC1R 4JH. Confidential fac 0171-831 6394.

No CVs will be forwarded to our Client without candidates' express knowledge and consent.

HONG KONG NEW ZEALAND

AUSTRALIA

A key post with a global US Bank

Capital Markets

Vice President – Benelux

City Based

Our client is one of the largest financial institutions in the world. It is a leading player in the lending and treasury markets and an emerging force in the debt capital markets. The Bank already has an involvement in the Benelux region but seeks to develop a higher profile and greater market share with major borrowers on the capital markets. To this end they now seek a seasoned coverage officer to build relationships with investment grade names in the corporate, financial institution and supranational sectors.

The ideal candidate will be a graduate aged between 30-40 with a minimum of 3 years in the debt capital markets. This will be coupled to an established reputation with frequent borrowers in the region and the ability m bring such organisations to the market.

However, the successful candidate will also cross sell the full range of products including private placements, structured finance, corporate finance, lending and treasury facilities. The ability to identify applications for these instruments is therefore equally important. Finent French is a prerequisite, and this should be allied to the strength of personality and gravitas to be credible with senior managers both internally and externally.

This position offers an excellent opportunity for an ambitious banker to develop their career with one of the market's most successful global institutions. Compensation is highly competitive and will be commensurate with age and experience. If you are interested in pursuing this post further then please write to Niall Macnaughton at BBM Selection quoting

76. Watling Street. London EC4M 9BI



Tel: 0171-248 3653

Head of Foreign Exchange and Interest Rates

London

Our client is a specialist UK based Investment bank with a successful record of profitable growth across a number of product areas within a variety of niche markets.

Excellent **Package**

They are now looking for a first rate individual to head its core Treasury group to establish market leadership in specific niche areas encompassing its derivative, foreign exchange and money market units.

The successful candidate will be able to demonstrate:

- Excellent trading skills, recent experience of running a desk, the desire and entrepreneural skills to establish and implement the development process whilst maintaining hands-on control of the group.
- Experience of both OTC and exchange traded options, with the objective of developing a derivative capability in South African Rand in addition to that required in major currencies.



Rochester Partnership Ltd salary together with an excellent performance driven bonus.

The position, reporting in to the Director of Treasury, will attract a very competitive

Please send a detailed Curriculum Vitae quoting ref SRP 352, to: Garrard House, 31-45 Gresham

Street, London. EC2V 7DN England. Telephone: + 44 171 600 0101. Facsimile: + 44 171 796 4255.

Investment Analyst

Leading European Boutique. City

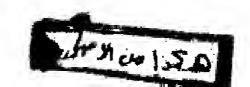
The company is a leading specialist provider of unquoted debt and equity financing to a wide range of industries throughout Europe. The majority of its investments take the form of management buy-outs or private debt placements. Its tast growing portfolio currently stands at \$2 billion and spans nine European countries. Owned by one of the largest American financial institutions, the company is well known throughout Europe for its high calibre.

As a result of its continued growth, tha company is seeking to strengthen its junior-level investment staff. Applications are invited from graduates with at least six months' experience in analysing companies for a major investment organisation, accounting firm or management consultant. Individuals who have completed a training programme with a respected investment bank, merchant bank or commercial bank are particularly encouraged to apply. A second European language, although not essential, would be preferred.

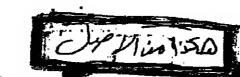
Successful candidates can expect to be fully challenged in a fast pace, supportive environment. Working in a small office environment will also require the analyst to assume a higher level of responsibility than typical in a larger firm. As part of a transaction team typically comprising three Individuals, the analyst will be responsible for conducting intensive financial and business analysis of prospective investee companies. Opportunities in developing relationships with portfolio clients. as well as managing and monitoring existing investments will also be available.

The competitive remuneration package is designed to attract the best candidates available.

Interested candidates should please write in confidence, enclosing full CV to: Box A5074, Financial Times, One Southwark Bridge, London \$E1 9HL



agreements and employing 35 people.





Neopost is a world market leader in the design, manufacture and distribution of

Neopost Finance Limited is the sales aid leasing subsidiary of Neopost Limited, the UK manufacturing and distribution company which has a user base of 50,000 installed

The head of Neopost Finance Limited has recently been promoted to the Board of the parent company, and we now wish to appoint his successor.

As General Manager you will have day to day operational responsibility for the company, which has a growing portfolio of £34 million, comprised of 13,000

In addition to managing administration, credit underwriting, cash collections and lifigation, you will have responsibility for marketing the financial services offered by the leasing company to the salesforce. This will involve continuous liaison with the salesforce, including preparation and presentation of sales training modules and development and monitoring of sales incentives.

This key role offers an excellent opportunity to the person who can combine business and technical expertise with flair and initiative.

We offer a benefits package including a competitive salary, company car and health care scheme.

Please apply in writing with full CV to Miss Michelle Kerfoot, Personnel Officer, Neopost Limited, Neopost House, South Street, Romford, Essex



TREASURER

A treasurer is required for the London branch of a leading Middle Eastern bank with a small but diversified treasury operation.

The successful candidate will have extensive dealing experience in the full range of foreign exchange and treasury products, both on and off-balance sheet, and will also possess the necessary management skills to successfully interface with the local and Head Office management teams.

The position carries a full banking compensation package together with a competitive salary that will reflect the seniority and experience of the person employed.

> Please apply with a detailed curriculum vitae to: Box No. A5079, Financial Times. One Southwark Bridge, London SE1 9HL

OFFICE ADMINISTRATOR/SECRETARY

Urgently required by newly set-up London representative office of an established Asian

3 to 5 years' experience in secretarial/administrative field

good communication skills

hands on computer knowledge dilligent and responsible

Attractive package will be offered. Interested parties please send in application with full CV and expected salary to us in Hong Kong by fax: (852-2530-9890)



The Morgan Grenfell Chair in **Financial Markets**

Applications are invited to lead one of the Department of Banking and Finance's core disciplines relating to interne bank management and strategy, or to the functioning of financial markets. The appointed professor will contribute to the. Department's research, and to its graduate and undergo teaching.

Located in the Barbican, in the heart of the City of London, the Department has close relations with City based financial institutions. The Department's activities help but the School in the top 10% of UK business schools for research, and achieve its mission of being the business school of finit resort for the

The post is a communing university appointment, which has been generously funded by bankers Morgan Greatest. Salary will be negotiable on the professorial scale.

Further details and application forms are swellship from the Academic Registrar's Office, City University, Nontranspoon Squ London ECIV OHB, telephone 0171 477 8071, quoting Closing date for applications 28th April 1995.

We are committed to equal opportu

TOP OPPORTUNITIES IN BOND SALES/BROKING

Pro Capital is a specialist organization in the debt/security

We are looking for a limited number of high calibre individuals to expand or set-up one of the following areas:

* investment grade and illiquid bonds

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Openings also exist in other areas of capital markets Applicants must have successful bond sales and/or broking

We can offer outstanding performance based package. Possibility to assume responsibility and autonomy for the right

Please send your resume or call (after 5 p.m.) confidentially: Ofiver R.Froment, Managing Director, Pro Capital Ltd., CBC, 2 London Wall Buildings, London Wall, London EC2M 5PP, tel: 071 628 4200, fax: 071 628 0870.

SENIOR DIRECTOR -FINANCIAL & INVESTOR RELATIONS

The Communication Group plc, one of the UK's leading and fastest growing independent public relations consultancies, is seeking a senior ive to play a major role in its expanding Financial and Investor

The division currently handles investor relations work for leading UK publicly quoted companies, as well as undertaking a growing number of assignments for companies from the US, Europe and the Asia Pacific region. The consultancy is a 25% shareholder in Entente International ication SA. Europe's largest independent public relations

group.

The successful candidate will be thoroughly familiar with all aspects of financial public relations, and have first class contacts with the UK financial media and City institutions. There is a requirement for top level corporate communication counselling with clients, as well as playing an important part in the development of the division in the UK and internationally. First class remuneration package.

Contact: Peter Hamilton, Managing Director, The Communication Group plc, 19 Buckingham Gate, London SWIE 6LB. Tel: 0171 690 1411.



SMITH NEW COURT

SECURITIES LIMITED

UK Equity Sales to France

Smith New Court, the UK's leading independent Securities House, is seeking to recruit an experienced Salesperson to expand its successful business selling UK Equities to Freoch institutions.

The requirement is for a self-motivated, hard-working individual with strong interpersonal skills and fluency in French. Previous experience of marketing financial products and a thorough understanding of the market place are

A highly arrractive remuneration package will be offered.

Please submit your application, including a CV, to:

Susanne Meikle Personnel Department Smith New Court Securities Limited Smith New Court House 20 Farringdon Road London EC1M 3NH Fax: 0171 772 2925

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BUSINESS AUDITOR – UK MERCHANT BANK –

(Competitive) Excellent Banking Benefits

THE COMPANY

Our client is a highly profitable and dynamic London based International Merchant Bank and 'Investor in People' with global business operations in risk management trading, corporate finance, investment management and commercial banking. Due to their continued success in world markets they are actively seeking to appoint a commercially minded individual for the business audit team.

Working in a professional team your scope will be significantly broader than the traditional audit role. Specifically you will be responsible for assignments bankwide, typically involving a top down approach concentrating on understanding inherent risk, reviewing business processes, identifying key controls and weaknesses and liaising with management to influence appropriate change. It is expected that you will be able to work in an advanced IT environment. Additionally, you will provide

internal consultancy, participate in project working groups, monitor trading strategies and perform investigative assignments as and when they arise.

THE CANDIDATE

Suitable candidates will be Chartered Accountants (1-3 years post qualified experience) with exposure to the financial services industry, either gained with another City institution or with audit clients in the profession. A detailed understanding of treasury, capital markets and derivative products is important, as is the selfconfidence to liaise with and influence all levels of seniority within the bank and to assume full personal accountability.

To apply, please send your CV to Ian Jones or Howard Foster at Financial Selection Services, Charlotte House, 14 Windmill Street, London W1P2DY, alternatively please telephone on 0171-209 1000/Fax: 0171-209 0001 (evenings on 0181-539 4931).



POLISH SPEAKING FINANCE AND ACCOUNTING PROFESSIONALS

Highly Competitive Local Package Plus Full Relocation

in agriculture, food ingredients and products, and financial risk management services. Founded in 1865, it is today one of the world's largest privately held companies and employs 70,000 people in 65 countries. The company is headquartered in Minnesota, USA, trading through 45 product groups and with annual

global revenues of approximately US\$50Billion. Through a policy of continued investment into its core businesses and the acquisition of new ventures, CARGILL is committed to investing in emerging markets such as Central and Eastern Europe. CARGILL has been active in Poland since 1990 and today employs 80 people

accomplished communicators who possess advanced accounting skills, can demonstrate successful track records in financial management and have an understanding of Polish business and accounting principles.

> In your late 20s or early 30s, you must be fluent in both English and Polish, be willing to undertake international travel and possess the drive and ambition to realise the career potential and rewards from a major multinational.

For further information on the current opportunities for financial professionals in CARGILL, contact our

advising consultants Mark Stewart or Kean August at FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom or telephone (44) 171 209 1000 (days) and (44) 1256 810266, (evenings after 8pm) or fax (44) 171 209 0001.



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Lazard Brothers & Co., Limited 21 Moorfields, London EC2P 2HT

Financial Controller

Lazard Brothers & Co., Limited

Opportunities within Computer and Investment Management Audit

We are a leading merchant bank with a long and impeccable history. We employ around 700 people based in London and the Channel Islands. Our range of banking services include Corporate Finance, Banking, Investment Management, Stock

Exchange Money Broking, Capital Markets, Asset Trading, Venture Capital,

Our Internal Audit department aims to provide high quality recommendations

which promote cost-effective business solutions. It performs risk-based systems

andits of all group activities and provides consultancy services on a wide range of

We are seeking to expand our team by recruiting two senior auditors, the first

Both positions offer challenging roles for dynamic qualified accountants with a minimum of three years relevant financial sector audit experience. In addition,

candidates should be keen to move into a project management or operational role

Interested candidates who meet nur criteria should send their curriculum vitae, including present remuneration details and contact telephone numbers, nn later

Sarah Barber

Personnel Department

specialising in computer audit, the second in investment management.

after two/three years within our Internal Andit department.

For the Fine Arts Trade

c£30k

London

Our client is a major International packing and shipping company dealing solety in Fine Aris. The company specialises in the world-wide shipment of antiques and operates an international import and export service through a sophisticated global network.

Due to considerable growth and expansion this young and dynamic company is seeking to appoint a Financial Controller to manage the financial and

accounting function. Reporting to the board of Directors this position carries with it significant autonomy and responsibility.

You will take control of the production and presentation of monthly accounts.

cash flow, credit control and the development of appropriate systems to ensure timely analysis and production of financial information. This position creates an exciting opportunity for a qualified or part qualified countant with at least 2 years commercial experience, who is able to demonstrate a high level of motivation and business acumen supported by strong

Please send your C.V. to Sandra Aldridge or Chris Denington at Grant Thornton, International House, 7 High Street, Ealing W5 5DB. Alternatively call them on 03:1 566 5000.

Grant Thornton

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POLAND

CARGILL is a diversified multinational company specialising

in its seed, feed milling and commodity trading activities headquartered out of Warsaw.

Opportunities now exist with CARGILL for ambinous young financial professionals in Poland. These opportunities require

NEW INTERNAL AUDIT TEAM

INTERNATIONAL NATURAL RESOURCES GROUP

LUXEMBOURG

- A leading natural resources group with expanding interests in gold; base metals; industrial minerals; and pulp, paper and packaging.
- A major restructuring is now to place, completing its evolution from an investment company into an international operating group. Assets now exceed \$3 billion with turnover of \$3.5 billion.
- The group operates a decentralised management philosophy with a small central team providing strategic direction, determining the appropriate allocation of financial resources and ensuring the appointment and development of high calibre operating managers.
- A Chief Internal Auditor has recently been ned, whose brief is to formulate clear terms of reference, build a strong audit team and devise new policies and procedures which will sarisfy the equirements of the Audit Committee. In line with this, four further new positions have been created, to be based at the Luxembourg head office.

Nigel Bates
Whitehead Selection Limited 11 Hill Street, London W1X 886 Tel: 0171 290 2043

AUDIT MANAGER-TREASURY AND COMPUTERS

- Reporting to the Chief Internal Auditor, he/she will draw up plans for the carrying out of internal audits across the world, with special reference to treasury and commodity trading areas, along with the systems in use for their control. In addition, be/she will be responsible for the development of a full computer audit function in for the group, including carrying out computer andits and assisting other internal auditors in this area.
- Graduate, qualified accountants or members of the Association of Corporate Treasurers with at least five years post-qualification experience. A backgroun at a senior level within the internal audit department of a major bank or multinational company is lil however candidates from the Big 6' will also be considered. Experience will include audits of treasury/commodity trading as well as in denti ry/commodity trading as well as in depth uter audking. Line experience will be an

AUDIT MANAGER-MINING AND MINERALS

- Reporting to the Chief Internal Auditor, he/she will primarily be responsible for the planning and execution of internal audits across the group's mining and mineral companies in North America and Europe. This will involve detailed andit work as well as the traini ment and guidance of internal audit staff. He/she will also carry out audits within the group's other interests on an occasional basis.
- Graduate, qualified accountants with at least five years post-qualification experience. A strong record of success at a senior level, probably within the internal audit department of a major multinational company. Candidates direct from the 'Big 6' will also be considered and line accounting experience would be an advantage. Background must include mining operations or natural resources companies, with a sound grasp of extractive industries accounting and internal control principles. (Ref 907).

SENIOR INTERNAL **AUDITORS**

- The Senior Internal Anditors will normally report to the Audit Manager, Mining and Minerals, but for some projects will report directly to the Chief Internal Auditor. They may also be requested to carry our special assignments and secondments from time to time. The roles will involve assisting with audit planning as well as internal audit field work in close liatson with the management and staff of operations being audited.
- Graduate, qualified accountants with at least rw years post-qualification experience. They should have worked in the internal audit departments of large organisations, ideally including a multinational natural resources company, and able to demonstrate a sound knowledge of internal control principles. Candidates with Big 6' experience only will be considered if they have worked with relevant audit elients. Line accounting experience will be an advantage
- Candidates should be articulate and able to conduct themselves in a convincing manner, both with senior management and other members of staff.

SUBSTANTIAL REMUNERATION PACKAGES

- They should be able to make high-quality oral and written presentations in English and work to tight budgets and deadlines.
- The ability to demonstrate genuine achievements to their career to date, including auditing achievements, will be essential.
- Familiarity with word processing and spreadsheering will be important, including both PG-based and business systems.
- European language skills, in particular German, Portuguese and/or Spanish, would be particularly
- These demanding positions will be attractive to candidates who would be interested in high levels of travel and time away from home base. Likely destinations include cities across North America, South America, Continental Barope and the UK.

Whitchead ELECTION

c. £70,000 package + benefits + share options

Consumer Electronics

Group Finance Director

Continuing growth internationally at this profitable c. £35 million turnover busines international group (\$700 million turnover), calls for the appointment of a Group Finance Director to ensure that the finance and IT functions support the needs of a growing business. Exceptional individual with strong minercial awareness sought to work closely with the Chief Executive in bringing ambitious expansion plan including acquisitions and joint ventures - to fruition

- Reporting to the Chief Executive with full responsibility for the finance and IT functions, Advising on a wide range of business and operational matters as well as legal and fiscal issues as Company Secretary.
- Providing close support to operating management in Identifying cost and performance levers, whilst managing a team and upgrading control and reporting systems to cope effectively with growth.
- Key member of the strategic management team, providing financial input to the budgeting and planning process. Handling local tax, treasury and audit issues for the three group companies, ensuring timely reporting to overseas parent.

Leeds 0113 2307774 London 0171 493 1238 Manchester 0161 499 1700

Charles Street Line and the second

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branded manufacturing business.

THE QUALIFICATIONS

Graduate, chartered accountant, with a minimum eight

years' PQE and a structured training gained in a

blue-chip pic environment with an international,

Successful track record of developing and

implementing MIS with proven commercial involvement in the management of an international

Pro-active and broadly based finance professional,

capable of contributing to strategic thinking and profit improvement. Strong IT and administrative skills with

experience of evaluating and integrating acquisitions.

EDS is a global corporation dedicated to helping its needs. It has an overall presence in 35 countries and growing significantly

Finance Director and will head up the finance function oi a major business unit. This unit employs 1000 staff who service an impressive portiolio of major blue chip

international scale, are such as to realistically offer



Business Unit Controller to £60,000 + Bonus + Car West London

customers achieve competitive advantage in the markets they serve through the application of information technology to business and organisational turnover within the UK is in excess of £300m and

The Business L'nit Controller will report to the UK

 Suitable candidates will be qualified accountants. unlikely to be younger than 33 years with financial experience gained within a substantial and complex contracting environment. Key qualities are good staff management skills, sound commercial judgement with the ability to appraise a wide variety of long term contracts, strong analytical skills and the integrity to be credible with senior management. Above all else, the individual must be comfortable with working within a rapidly changing environment, which brings with it the continuing need to adapt the role to meet the evolving .

Please send your curriculum vitae, including current remuneration details, to Carrie Andrews at Erust & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter. Lane, London EC4A 1NH, quoting reference CA632.

II Ernst & Young

attractive package + car + benefits

Target, evaluate and implement acquisition opportunities;

Suitable candidates will be graduate level chartered accountants

already operating at a senior, policy-making level in an innovative, high paced and changing commercial environment. Experience

at Divisional Finance Director or at Group Financial Controller

level would be appropriate - but this should have included exposure to considerable corporate finance and acquisitions

energetic and persuasive, and have well developed communication skills. The capacity to operate comfortably at

a strategic level and the ability to translate ideas into practical

activity. The new Finance Director must be innovative,

This is a senior appointment, likely to be of interest to

action are essential requirements.

age relationships with the company's profe

KPMG

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Competitive salaries & benefits package London

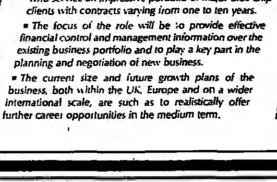
KPMG is widely recognised as one of the world's leading firms of business advisors; an organisation that is committed to sustained growth and that has antered a new era. We have developed a strong 'added value' ethos based on a commitment to our people and their careers. Leadership, responsibility, tearnwork and opportunity are the very cornerstones of our culture, and nowhere is this more apparent than in our construction and utilities sectors, for which we are currently seeking talented chartered accountants,

The people we seek will possess the innate business awareness that enables them to bring far more than the traditional accounting function to our clients' activities. Sound commercial experience gained in either the construction or utilities field is essential, as is the ability to contribute across the entire spectrum, from audit and investigation through to financial management consultancy projects.

Naturally, we require a high degree of commitment, combined with the skills and experience needed to run large projects within an innovative and truly dynamic multi-disciplined environment. Aged ideally in the late twenties or early thirties, the successful candidates will have strong commercial acumen and will wish to build on a professional record of which they are already proud; a record that demonstrates real 'people skills' and a natural disposition to the client service ethic.

These roles offer unrivalled prospects for career development, together with a high degree of responsibility and client involvement in an arena which encourages personal contribution and initiative. They also offer attractive salaries supported by a generous benefits package and the opportunity to build your career in an environment where quality, service and the provision of practical business solutions are

If you have the ability, commitment and ambition we are seeking, write with your CV and full remuneration details to Deborah Rennie, KPMG, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.



Group Finance Director

Leading change in a major regional newspaper group

Leeds

United Provincial Newspapers (UPN) - a £180 m turnover subsidiary of United Newspapers Plc - is a leading regional newspaper group, with titles that include the Yorkshire Post. the Yorkshire Evening Post and the Sheffield Star. Additionally, it has publishing interests in Spain and contract printing activities in the UK. The media environment is a constantly and rapidly changing one, and UPN prides itself on its pro-active and creative approach to the social and echnological change affecting its sector.

The Finance Director - who reports to the Chairman of UPN and has a dotted line report to the United Newspapers Group Finance Director - provides functional leadership for the heads of finance in the autonomous operating subsidiaries. As well as having responsibility for overall strategic financial management and financial reporting, the Finance Director will:

- · Identify critical performance criteria as a tool for effective management;
- Review and develop financial and management information systems;

GKRS

candidates currently earning c £50,000 pa. Please send a full CV in confidence to GKRS at the address below, quoting reference number 94409N on both letter and envelope, and including details of current remuneration.

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Internal Auditor Mulenational Manufacturing Group £32.000 - £35.000 + CAR T BENEFITS

Our client is a substantial, diversified multinational manufacturing group with truly worldwide aperations. A fully listed UK pic their turnover is well in excess of £1 billion and is growing strongly. They have over 11,000 employees working in more than 30 countries.

Increasing emphasis on internal audit, and continuing development of the function has created this apportunity to join the international team in a role covering the group's European operations. Reporting to the Group Head of Internal Audit, and working with aperational management across Europe, your role will be to audit financial and management controls and systems and facilitate the adoption of best practice across the group.

You will be of graduate calibre and a qualified accountant with at least two years' post qualification audit experience

gained in one of the leading professional audit firms or the internal audit function of a major pic. The oblitty to conduct business in French and/or German would be particularly helpful, as would previous experience of manufacturing inclustry. Your approach will be as important as the experience you bring to the role, self reliance and tenacity will be combined with the interpersonal skills necessary to influence and persuade of senior levels. The position requires substantial international travel.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Tim Latham, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference TL1091 on both envelope and letter.

SENIOR TREASURY APPOINTMENT

DUBLIN FINANCE COMPANY

TOP FTSE plc

c£60,000

- BONUS + BENEFITS & RELOCATION PACKAGE

- Our client is a major international blue-chip plc with a turnover in excess of £4bn. A strategic review has created the opportunity for an experienced treasury professional to develop cash management and lending on behalf of the Group end to lead the operations of a company based in Dublin.
- Reporting to the Group's Director of Treasury, the post-holder will be required to establish, manage and motivate a team responsible for effective pan-European cash management. He/she will create a centre of excellence within the Group to ensure the continuing improvement of performance via enhancement of systems, procedures and operating company and banking relationships.
- The successful candidate is likely to hold an accountancy. banking, MBA or MCT qualification. With a proven track record in international treasury management, he/ahe will be able to demonstrate an understanding of cash management systems and banking technology.

Essential qualities will include strong commercial awareness and the credibility to negotiate and influence successfully within the Group and with banking counterparts.

This is an excellent opportunity to join the financial management team of a highly-respected plc. There is the potential for future career development for a high achiever.

> Please write, enclosing full Curriculum Vitae to: Ian Magness



RICHARD JAMES ASSOCIATES

PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SW1P 1SB. TELEPHONE: 0171 222 8866, 0171-222 8037/8. FAX; 0171 233 1759.

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KPMG Select

North West I



Divisional Financial Controller

c.£35,000 + Car + Bonus & Benefits

East Midlands

High profile, influential role for commercially astute accountant with general management aspirations.

THE COMPANY

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- Substanual UK Pic. Market leader, strong growth, excellent performance in competitive field.
- Established group structure with sound systems and financial management.
- £90m turnover, multisite manufacturing division with overseas joint venture. Significant investment and growth plans.
- THE POSITION
- Report to Managing Director. Manage accounting function for eight businesses.

 Contribute to business strategy. Ensure group
- reporting requirements are met.
- · Monitor and develop staff to ensure business and group standards are maintained.
- **OUALIFICATIONS**
- Qualified accountant with significant experience gained in large manufacturing group. Ideal age 30-35.

 Sound commercial appreciation, hands-on approach
- with strategic orientation. Energeoc and ambitious, able to communicate at all
- levels and committed to developing staff.

Please send full cv, stating salary, ref BP1291, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB



81RMINGHAM 0121 233 4656 Aberdeen 01224 638080 - Bristol 0117 939 1142 Edinburgh 013t 220 2400 • Glasgow 014t 204 4334 Leeds 0113 245 3830 • London 0171 493 6392

WIMPEY CONSTRUCTION INVESTMENTS LIMITED

COMMERCIAL & FINANCIAL DIRECTOR

London W6

Wimpey Construction Investments Ltd has been created within Wimpey's Construction Division to acquire and manage a portfolio of equity investments in projects built under Private Finance Initiatives and Build Own Operate schemes. These may

As part of the new management team a senior ficancially oriented executive is required to provide commercial input to the bidding and negotiation of concession contracts. Working closely with Wimpey Construction, joint venture partners and external and internal project finance advisors emphasis will be on the analysis of risk including the interpretation of tax and legal implications, the structuring of bid proposals and the co-ordination of negotiations once preferred bidder status is achieved.

Probably aged over 35, previous experience of working in joint ventures is essential, preferably including involvement overseas and interaction with project finance. The ability to work with clients, investors and partners is equally important. A professional accounting, legal or banking qualification might be a suitable background.

The package will reflect the importance of the role and will include the full range of executive benefits normally associated with a major company.

Please write with full CV, including salary history and daytime telephone oumber quoting reference 3083/FT, to John Sleigh FCCA, Phillips & Carpecter, 2 - 5 Old Bond Street, London

Phillips & Carpenter

Search and Selection

Finance Director

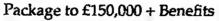
Major Listed Multinational FMCG Group

Provinces

With interests spread throughout the world, our client is a high profile UK plc, producing and distributing a range of tranded and own label products through leading retail outlets across Europe. A strong customer focus, a sound investment strategy, product innovation and a commitment to quality all play a part in achieving continued success, and the group is well placed to achieve substantial growth both organically and by acquisition.

The Finance Director will be closely involved in the strategic management of the group, with a particular emphasis on America and Europe. The company is decentralised and the successful candidate will manage a small head office team, providing financial leadership across the entire group. Ensuring that finance continues to cater for the needs of a fast moving,

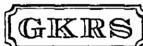
dynamic business is clearly a priority. Equally important will be the external focus, liaising with City institutions and advisers.



Candidates should be graduates, qualified accountants and currently Finance Director or deputy of a listed company, preferably in the consumer goods sector. Experience of working in a complex, multinational, customer-focused business is vital, ideally with exposure to the City.

The Finance Director must be commercially astute, combining first class strategic and analytical skills with a results-oriented, pragmatic approach. A team player and leader, he/she must be energetic, creative and

The remuneration package will reflect the international growth potential of the group.



Please send a full CV in confidence to GKRS at the address below, quoting reference number 384J on both letter and envelope, and including details of current

SEARCH & SELECTION CLAREBELL HOUSE, 6 CORK STREET, LONDON WIX 1PB, TEL: 0171 287 2820 A GKR Group Company



Financial Analyst



Competitive salary + car + bonus Bristol based

Outstanding career opportunity for a high calibre, young accountant

ARC Ltd is a subsidiary of Hanson pic and a significant contributor to Hanson profit. The company is one of the UK's leading suppliers of aggregates and coated stona, a major producer of concrete products and one of the largest owners of landfill resources in the UK. Internal re-organisation has created the need for an ambitious, qualified accountant to devalop the new role of

The Role

- Provide a comprehensive financial analysis of operating performance, product profitability and sales information
- for use by senior management and group finance. Davelop, maintain and analyse data to monitor performance against evolving market trands.
- Liaise with operational management in order to furnish them with qualitative and perceptive management information.

- Graduate, qualified accountant, ideally aged 28-32, with a minimum of two years' post qualification experience gained in a commercial/industrial environment.
- Pragmatic self-starter with toughness, anergy and determination.
- First class technical skills coupled with a proven record of interpreting financial and non-financial information for managament decision making.

■ Intellectually flexible, able to contribute to the broad, strategic perspective.

It is envisaged that successful performance in this key rola will provide a fast track for future career development. Interested candidates should send details of their suitability including current remuneration package, to Karan Paige, KPMG, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0117) 946 4000.

KPMG Selection & Search

Group Financial Analyst

North West London

£,40,000 p.a. + Benefits Including FX Car & Share Options

Our client is a FTSE 100 group in the lelaure sector. Its individual brands are well-known household names and it is an organisation now well-placed to grow and develop further. The demands upon the Group Financial Planning and Analysis function from the business have rapidly increased with the result that this new key role has recently

Reporting to the Group Financial Planning Manager your initial responsibilities will include:

Reviewing and developing the periodic analysis of results and provision of key thanagement information.

Responsible for designated areas of the forecasting, budgeting and medium-term planning process as well as performance measures, profitability analysis

A variety of ad hoc projects associated with the identification of key

To enhance the perspective you will bring to this position you must have held a high profile finance position at an Operational or Divisional level within a large titue-chip organisation. You will be a qualified Accountant able to evidence studence and direct coordinations to tusiness via the finance function. Your technical and financial management skills will be of the highest standard. Additionally you must be able to demonstrate strong personal qualities including:

Immediate personal and commercial credibility with a well-focused, analytical mind able to isolate key issues.

 An ability to challenge positively and influence effectively at all levels and across all functions. Energy, enthusiasm and a high level of initiative.

To apply write to Karen Wilsoo at Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary quoting reference HKW/9156/FT



EXECUTIVE SEARCH AND SELECTION

Group Financial Director

c. £80,000 + car + benefits

Apricot Computers Limited is a wholly owned subsidiary of Mitsubishi Electric (UK) Limited and has a significant global presence in the high volume hardware manufacturing industry. They operate as an autonomous business with the financial support of a large and secure parent, employing over 400 people in its four main divisions. They are now looking to recruit a Financial Director, based at the group head-quarters on the Birmingham Business Park.

Reporting to the Group Managing Director, the Financial Director will be responsible for all financial functions within the company, includ-ing responsibility for Personnel and Management Information Systems. The full range of duties also cover:

- Financial reporting within the company to the main board, executive committee and Mitsubishi Electric Corporation in Japan.
 Formulating and implementing group financial controls and policy throughout the company.
- Treasury management, tax and financial planning at group level, including currency risk management.
- Preparation of group budgets with emphasis on group balance sheets and cash flow budgeting.

 Control of the group personnel function to ensure the employment policy, including payroll and pension administration, is applied throughout the company.

Location: Birmingham

Control of the Group Management Information Systems and the implementation of IT strategy to meet user requirements in all areas of the business.

Candidates will be qualified ACA's with a minimum 5-7 years PQE gained ideally in hi-tech/manufacturing environments and enjoy a broad base of experience in those areas mentioned above. You will also display the commercial scurmen, credibility and proactive approach commensurate with a position of this Importance. This is a challenging and demanding role which will require a grasp of day-to-day management as well as the ability to make a significant contribution, at a strategic level, to the performance and profitability of the company.

If you believe you have the necessary attributes to succeed in a young pro-gressive organization and help us maintain our position at the forefront of PC and open-dystems technology, plotse send a full career resume, quoting car-read restranteration details, in confidence to our advising consultant jonathon folds at Harvey Nada Pic, Dragon Court, 27-29 Martin Street, London WC2B SIX. (Tel: 0171-333 0033). Please include a daytime telephone num-ber and quote reference HNF121.

HARVEY NASH PLC



KPMG

Financial Controller

Building up to flotation

£40-45K + bonus + benefits

This is a first class opportunity to make an impact with e well established and fast growing trading company. The Stemcor group is financially strong, poised for further expansion and plans a full listing within three years. The company now wishes to recruit a high calibre commercially astute Accountant.

In this newly created role you will be responsible for handling all aspects of accounting and financial management with an amphasis on developing and monitoring the accounting systems end risk management procedures. Your technical expertise must be combined with strong management skills and an ability both to see the big picture and

You will be a qualified accountant, aged between 27 and 35 and preferably a graduate. Essential experience will include working knowledge of various PC based applications and exposure to the review and implementation of systems. You will have enjoyed a progressive career to date, which has led to managament responsibility in a financial and commercial anvironment. You must be a highly intelligent, well motivated self starter with good communication skills and a confident but adaptable personality. Any prior exposure to international or commodity trading business would be a distinct advantage.

Interested candidates should send comprehensive CV's and salary details, quoting reference 5272 to Janina Harper at KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

APPOINTMENTS WANTED

FINANCIAL EXECUTIVE Chartered Accountant FCA

- Available for Assignments "Hands-on-Can-do" approach
- French, German, Spanish, Italian Dynamic; committed; team player
- TEL/FAX: LONDON +44 (0) 171 586 9310

MBA/FCMA Seeking opportunities with US European companies in INDIA. Bas A5078, Financial Times, Southwark Bridge, London SEI 911

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and In the International edition every Friday. For further information please contact:

> Joanne Gerrard +44 0171 873 4153

INTERNATIONAL TREASURY SPECIALIST

£Excellent

London Based

Our client is one of the UK's most successful fmcg companies currently enjoying substantial growth. An Internal development move has created an opportunity for an experienced Treasury specialist to join their Group Treasury Operation.

Responsibilities will include the provision of a full range of Treasury services to overseas subsidiaries with particular emphasis on the Group's Latin American interests, in addition to your proven facilitation and consulting skills, you will have the commercial acumen and cultural sensitivity to operate effectively in a truly internadonal environment.

In addition as a key member of multidisciplinary project teams you will be required to demonstrate strong communication skills together with the credibility and intellect to influence at all levels.

You will be a qualified accountant and a member of the ACT (or an MCT finalist) and will have a second European language (preferably Spanish). You should also be willing to undertake a significant amount of

Interested candidates should write in confidence enclosing a Curriculum Vitne quoting reference FT/8905 to:



Lonsdale Advertising Services Ltd. 58-60 Rivington Street, London EC2A 3AY. No telephone enquiries can be accepted.

Financial Controller

East Europe, Middle East c DM 180,000 p.a. - Frankfurt

Our client is the European, and Middle East Division of one of the leading American multinationals with substantial interests in a very strong specialist consumer market. The Division is headquartered near Frankfurt and is divided into several Regions for marketing and managerial purposes. The Eastern Region stretching through Eastern Europe, the Baltic States, Russia, the Middle East and comprising over 30 active countries is the fastes! growing Region in the Division and on area of high potential.

The Financial Controller will be responsible to the Regional Director for overall financial management of the Eastern Region business, a role which covers not only planning and reporting of the business but also the negotiation of satisfactory commercial arrangements and ensuring adequate control systems, all in the context of a challenging commercial

environment of some diversity. The position will involve 40% to 50% travel.

Applicants must be high calibre graduate accountants or CPA's with a basis of strong audit experience, and post qualification achievements of some relevance gained with a major US multinational or at a high level in the international wing of a Big 6 practice. Commercial awareness and the strong communication skills to argue hinancial issues persuasively with non-financial colleagues are essential together with a high energy level and experience of working in more than one country. Age guideline - early 30s. This is on exciting challenge and career praspects within the international group are excellent.

Please apply in confidence quating ref. L586 to:

Mason & Nurse Associates I Lancaster Place, Strand London WC2E 7EB Tel: 0171-240 7805

Mason Selection and Search

FINANCE DIRECTOR - MIDDLESEX

£50,000 REMUNERATION PLUS CAR, COMPANY PENSION AND BUPA A major company providing facilities in the UK to the film and television industries, with ambitious plans for future

THE ROLE

The aim is to enhance and strengthen the existing accounting procedures, cash management, management reporting and human resource management. Assist the management in performance monitoring, budgeting and forecasting. Dealing with the Company's bankers and other interested parties. Assume the role of company secretary. Be part of the senior management team driving the business forward.

Chartered accountant age 35+ with a minimum of 5 years practical working experience in a fast moving environment. Computer literate, familiarity with legal contracts and documents and some practical corporate tax planning experience. Need to demonstrate proven technical skills combined with ambition, commercial flair and the ability to build effective working relationships at all levels.

Please send full CV with salary details to:

Michael Sim FCCA ACA, Recruitment Consultant Box A5073, Financial Times, One Southwark Bridge, Loudon SE1 9HL

EUROPEAN **FINANCE** APPOINTMENTS

£40K to £100K Plus

We are handling a number of key Finance Appointments based in Europe all with multinational corporations.

We are seeking young graduate qualified accountants/MBA's ideally with finance experience gained in international manufacturing. Aged 27 - 35 with US GAAP exposure, you will be fluent in one or more European languages.

- In particular, we require:
- PLANT CONTROLLERS/FINANCIAL CONTROLLERS/ FINANCE MANAGERS
- INTERNAL/COMPUTER SYSTEMS AUGITORS

If you are interested in any of these appointments or would like to be kept informed of future ones as they arise, then write with you CV, quoting reference 4090 to: Christine Adamson, International Research Director, Adamson & Partners, 10 Lisbon Square, Leeds LSI 4LY, England. Tel: +44 (0)113 2451212 Fax: +41 (0)113

ADAMSON & PARTNERS

INTERNATIONAL EXECUTIVE SEARCH & SELECTION

Business/Financial Controller

circa £35,000 pa Golden River designs and manufactures highway traffic monitoring systems. Soles, currently at £3m, are expected to double by 1997, with 50% exported from the UK. The key to future growth is an aggressive approach to its financial performance. Reporting to the Managing Director, the Financial Controller will be responsible for

- - Short, medium and long-term planning.

 Short, medium and long-term planning.

 Financial imput to day-to-day business operations.

ou will be a qualified Accountant with experience at an appropriate level in a similar growth situation in a high-tec, manufacturing organisation. You must demonstrate experience of having challenged existing practices, proposed action plans and implemented clear improvements. Driving a business forward through the finance function must be both a commitment and an expenence son have

- A strong team player able to integrate rapidly and credibly with the exists
- Commercially astute with the ability to influence and persuade.

 Pro-actuse in secting means of adding value.

, with an accompanying handwritten letter to: Margaret Bulli tonnel Manager, Golden River Traffic Ltd., Churchill Road, Ricester, OX15 6BD, Tel. 01869-240400.

FT/LES ECHOS

The FT can help you reach additional trusiness readers in France. Our link with the tench business newspaper, Las Echos, gives you a unique recrustment adve opportunity to capitalise on the FT's European readership and to further arpst the Franch business world. For information on rates and further

Stephanie Cox-Freeman on +44 0171 873 3694

INTERNATIONAL TREASURY SPECIALIST

£Excellent

London Based

Our client is one of the UK's most successful fincg companies currently enjoying substantial growth. An internal development move has created an opportunity for an experienced Treasury specialist to join their Group Treasury Operation.

Responsibilities will include the provision of a full range of Treasury services to overseas subsidiaries with particular emphasis on the Group's Latin American interests. In addition to your proven facilitation and consulting skills, you will have the commercial acumen and cultural sensitivity to operate effectively in a truly international environment.

In addition as a key member of multidisciplinary project teams you will be required to demonstrate strong communication skills together with the credibility and intellect to influence at all levels.

You will be a qualified accountant and a member of the ACT (or an MCT finalist) and will have a second European language (preferably Spanish). You should also be willing to undertake a significant amount of internacional travel.

Interested candidates should write in confidence enclosing a Curriculum Vitire quoting reference FT/8905 to:



Lonsdale Advertising Services Ltd, 58-60 Rivington Street, London EC2A 3AY. No telephone enquiries can be accepted.

Financial Controller

For the Fine Arts Trade

c£30k

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Cur client is a major international packing and shipping company dealing solely in Fine Arts. The company specialises in the world-wide shipment of antiques and operates an international import and export service through a sophisticated global network.

Due to considerable growth and expansion this young and dynamic company is seeking to appoint a Financial Controller to manage the financial and accounting function. Reporting to the board of Directors this position carries with

it significant autonomy and responsibility.
You will take control of the production and presentation of monthly accounts, cash flow, credit control and the development of appropriate systems to ensure

timely analysis and production of financial information This position creates an exciting opportunity for a qualified or part qualified accountant with at least 2 years commercial experience, who is able to demonstrate a high level of motivation and business acumen supported by strong

Please send your C.V. to Sandra Aldridge or Chris Denington at Grant Thornton, International House, 7 High Street, Ealing W5 5DB. Alternatively call them on DRI 566 5900.

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